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AFMA
SAFE FEED FOR SAFE FOOD
Animal Feed Manufacturers Association

CHAIRMAN'S **REPORT** 2020/2021

Presented by Wouter de Wet at AFMA's 74th Annual General Meeting hosted as an online event on 3 September 2021

Innovation, progress & sustainability in the animal feed industry

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CHAIRMAN'S REPORT 2020/2021

Wouter de Wet
Chairperson, AFMA

2021. What a year! This time last year, we were looking at a very uncertain world and had no idea that we would see a second wave, let alone a third wave of COVID-19. We were still speculating about what going back to the office would be like, and all of us were impatiently waiting for the "lockdown" to be lifted completely and for our lives to return to normal… Little did we know that we will currently be in more than 500 days of lockdown and that most of us have come to accept that the end of "lockdown" is not just going to be a few weeks from now. This way of life has almost become the new normal. Sadly, we have all also lost people close to us. Among these in the industry, the legendary Dr Munro Griessel, whose pioneering work and impact on the feed industry and agriculture value chain, will always be remembered.

Since the previous Chairman's Report, our beloved country, like the rest of the world markets, have experienced sharp increases and sustained record level commodity prices for most raw materials. These prices increased pressure on feed companies and ultimately feed customers and consumers. The combined impact of high commodity prices and economic pressures caused by "lockdown" on consumers and our local economy have resulted in a situation where the outlook for the next year is very uncertain.

For the first time since 2017, South Africa saw the first Avian Influenza outbreak on 11th April 2021. In the months since then, we have seen roughly 50 reported cases of AI across commercial layers, broiler breeders, and even broilers for the first time. We are hopefully nearing the end of the 2021 AI challenge, but the impact of the lost breeding flocks will still be felt in the next year and will create a shortage of chicken during the high demand season at the end of this year.

If there were still people debating if 2021 was in fact filled with more surprises and challenges than 2020, then the recent looting in KZN and Gauteng with billions of rands of losses and damages combined with the closure of critical supply chains undoubtedly swung the debate in favour of 2021, and we are only in August!

Despite all these challenges, we have yet again proved by now that we live in a resilient country. The scenes of strangers getting together to protect their communities and other people's

businesses and livelihoods will remain with me forever. The same goes for the many strangers who got together to clean and rebuild the damage caused by the looting. The incredible ability of our agriculture value chain and our feed industry to pull together during all of these challenges to ensure that food security was maintained and even continued to contribute to a trade surplus, talks to the talent and resilience of those in agriculture. It again confirms what we are capable of when the agriculture value chain works together to find synergies to unlock growth and efficiencies. All of this to ensure food security in an environment where we know for certain that the future will continue to present challenges and ample opportunities.

I look back at the past 12 months with great pride in what we have achieved, but more importantly, excited about what we are jointly capable of.

I salute you!

Wouter de Wet
Chairperson, AFMA

1. INTRODUCTION

1.1 Vision

AFMA finds itself centrally involved and playing an integral role in several agriculture and agricultural related value chains, allowing AFMA to contribute a significant difference in its own right and as part of the various linked value chain partners. Due to its unique positioning within these value chains, AFMA's vision says it all –

"The dynamic animal feed thought leader influencing food security through partnerships with all stakeholders"

To remain relevant in any economic sector, an organisation or company needs to stay sustainable. Therefore, long-term partnerships within the various value chains should be fostered to ensure this.

Ultimately, the overarching goal in these partnerships is to ensure that sustainable growth is unlocked for the different value chain partners – ***"any chain is only as strong as its weakest link"***, highlighting the importance that the health and resilience of all links should be nurtured and developed to their optimum, ensuring an efficient and sustainable value chain.

1.2 Value chain partner

Due to being an essential service as one of the pivotal role players assisting in ensuring South Africa's food security, AFMA finds itself central in the following value chains:

- Grains value chain;
- Oilseeds value chain;
- Poultry value chain;
- Livestock value chain;
- Strategic Agricultural Inputs value chain (SAIF); and
- Services value chain.

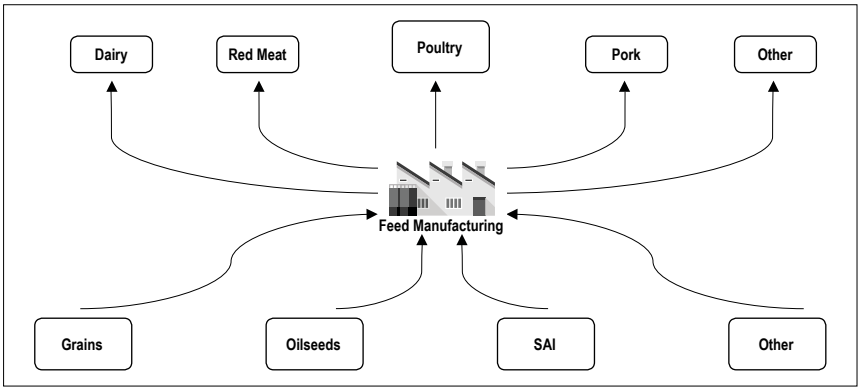
1.3 Strategic focus

AFMA members are the largest suppliers to the SA poultry industry, supplying more than 4,3 million tons of the total 6.75 million tons produced, amounting to 65%. The balance of the production is beef & sheep, dairy, pork and other species.

The AFMA strategic focus will thus be concentrated on the core factors influencing the cost of raw materials and feed ingredients, which adds up to 75% to 85% of the final feed cost.

Therefore, AFMA will remain a key partner in the grains and oilseeds value chains exploring all possible options to increase the effectiveness and competitiveness of its members' clients.

FIGURE 1: ANIMAL FEED VALUE CHAIN PARTNERS



Besides being involved in the raw material supply-side, AFMA is furthermore a critical supporting industry in the SA Poultry Sector Plan, supporting the SA poultry industry, its largest client. From a feed perspective, the main goal is to parallel to the poultry development and expansion, ensure sufficient feed and raw materials are available at all times.

AFMA is closely cooperating with Grain SA and other grains and oilseeds value chain partners to execute the above. Critical in this role is to ensure enough maize and soy products are available, due to AFMA being the largest single group of processors of maize and soy products in SA, primarily destined to poultry.

AFMA members are processing 3.5 million tons of maize and maize products and 1.2 million tons of soy into feed, which is 25% of all maize available for the commercial market and 65-70% of all soy available for commercial processing in SA.

In support of the wider feed picture, AFMA plays a leading role in the Strategic Agricultural Inputs Forum (SAIF), representing all industries regulated under Act 36 of 1947. Under AFMA's leadership, the industry partners are reaching out and cooperating with DALRRD, which has been experiencing severe capacity challenges to ensure all four segments' regulatory frameworks remain functional. As a result of SAIF, the industry is available as a strategic partner in facing these challenges.

AFMA thus, as supporting industry to various industries, customers and government, will remain supporting the poultry and livestock industries through addressing multiple aspects in several value chains and forums to ensure the end consumer of our members' products are in the best possible international competitive position, to take on global challenges coming their way.

2. AGRICULTURE AND AGRO-PROCESSING MASTER PLAN (AAMP)

The vision statement for the Agriculture and Agro-processing Master Plan is: ***"Globally competitive agricultural zones driving a market-oriented and inclusive production to develop rural economies, ensure food security, and create employment and entrepreneurial opportunities for all participants in agriculture and agro-processing value chains."***

The six strategic objectives are to:

- Increase transformation in agriculture and agro-processing value chains;
- Arrest rising poverty and hunger in South Africa, in particular in rural and urban poor communities;
- Expand access in both domestic and international markets for all farmers and agribusinesses;
- Develop competitive value chains to create jobs and entrepreneurial opportunities;
- Develop an effective support mechanism to enable equitable access to inputs, land, water, affordable finance, markets and services for all sector participants;
- Improve farming community safety and reduce stock theft; and
- Improve state capacity to enforce and modernise policy and regulatory compliance.

FIGURE 2: AAMP ACTION PLAN – NEGOTIATION STRUCTURE

Executive Oversight Committee
Chair: Minister Didiza
Members: Industry captains (commercial and emerging), labour and civil society leaders, government leaders (national, provincial and local)

ADMINISTRATIVE SUPPORT NAMC

Reference Group 1: Cross-cutting
Chair: DALRRD & DTIC
Members: National & local government, commercial and emerging business, labour and civil society leaders, government

Following cross-cutting principles need to be negotiated in a single forum:

1. **Land**
   - Align to ongoing land reform processes
2. **Water**
   - Water rights, Infrastructure & maintenance etc.
3. **Labour**
   - Minimum wages, growing jobs, decent working conditions, training and skills upliftment etc.
4. **Producer support**
   - Extension, training through PPPs,
   - State veterinarian services etc.
5. **Finance**
   - Blended finance, value chain financing etc.
6. **Markets**
   - Market access, global, local, trade policies,
7. **Transformation**
   - Inclusive sustainable growth across the sector
8. **Infrastructure**
   - Electricity, roads, ports, fresh produce markets
9. **Biosecurity**
   - National animal health & traceability, plant health & protection, Agricultural Products Act

Reference Group 2: Value chain clusters
Chair: Industry
Members: Commercial and emerging business, labour, government

Value chain reforms & Interventions to be negotiated in 4 clusters:

1. **VC Cluster 1: Field crops**
   - Chair: t.b.d.
   - Members: t.b.d.
   - Coverage: Grains & oilseeds, cotton, sugar and other field crops
2. **VC Cluster 2: Horticulture**
   - Chair: t.b.d.
   - Members: t.b.d.
   - Coverage: Fruits, nuts, vegetable, floriculture and other
3. **VC Cluster 3: Animals & animal products**
   - Chair: t.b.d.
   - Members: t.b.d.
   - Coverage: Beef, goat, sheep, wool, poultry, pork, dairy, ostrich and other
4. **VC Cluster 4: Agro-processing**
   - Chair: DTIC
   - Members: t.b.d.
   - Coverage: Food, beverage, inputs

RESEARCH SUPPORT NAMC, BFAP, CCRED

The AAMP is the chosen and developed vehicle to be used by the SA agricultural industry to contribute towards the objectives of the Economic Reconstruction and Recovery Plan (ERRP) and the National Development Plan (NDP).

Since the last report, a rigorous process of strategic planning, discussions, lobbying and agreements followed between the four social partners – government, business, labour and social society.

As an outcome to date, the partners produced an AAMP Framework Agreement and an AAMP Implementation Action Plan. All parties have agreed to these two plans, with last-minute details to be finalised on the Implementation Action Plan.

The Implementation Action Plan's executive oversight and responsibilities are vested in the Minister of Agriculture, Land Reform and Rural Development (DALRRD).

Under this leadership, the AAMP will be implemented parallel using two structures (Reference Groups, 1 and 2).

Reference Group 1, will be chaired by the DG of DALRRD and will be addressing all cross-cutting issues as seen in **Figure 2**.

Reference Group 2, will be chaired by Agbiz and will cover four commodity clusters as indicated in **Figure 2**. These commodity clusters will be supported by in-depth research ("deep-dives") done by BFAP on the initial 17 government earmarked commodity groups as growth drivers.

Proudly, AFMA can report that the AFMA Board decided to contract BFAP to do the same "deep dive" analysis on the feed industry in preparation of the Implementation Plan and what it could entail. This analysis will be a critical guiding tool to the feed industry, applying the correct focus on the right issues at the right time.

After completing the final details on the Implementation Action Plan, the intention is to meet as social partners to the AAMP and start negotiations on what each partner will bring to the table from the different sections of the AAMP, be it in Reference Group 1 or 2.

A significant focus will most definitely be on funding the AAMP, which could be combinations of different mechanisms. What is, however, coming to the fore is the intention by government to drive the agenda of matching funding – Rand for Rand contribution by every social partner, which would entail careful and in-depth planning and control to enable transparency and good corporate governance on the total AAMP.

3. SOYA VALUE CHAIN

A process was started in December 2018 by the Sunflower, Soybean and Soy Food Forum (SSSF) to discuss strategic matters of the soy value chain as a collective with the vision of cooperating towards the development of a SA Soya Strategy which will benefit and unlock value to all stakeholders in the value chain.

The frequency of engagement initially started slow, but has increased as more partners joined the discussions, which gave way to a natural process of shaping the discussion agenda to take this discussion forum forward in the best possible manner.

The current agenda covers the following:

i. **Seed Cultivars and Research** – discussing the latest cultivars available. The South African Cultivar and Technology Association (SACTA) plays a significant custodian role in this.

ii. **Farm Level Economics** – covering producer matters that impact the production, the quality and the tradeability of the product, topics include, i.e. product moisture levels on delivery; input costs per ha.; plant diseases; etc.

iii. **Market and Integrated Value Chain Matters** – covering matters:
   a. Soya bean content and quality;
   b. Impact of import duties on the value chain; and
   c. Delivery and transportation of the product.

iv. **Soya Strategy** – After considering all factors in play, a draft SA Soy Strategic Framework is being shaped by leading stakeholders, but it remains work in progress.

However, although not finished yet and still an enormous task at hand, consensus was reached on some critical principle matter to be addressed:

a. Although striving towards this, SA should become a surplus producing soybean industry;
b. Introducing higher-yielding cultivars with increased quality characteristics should always remain a focus;
c. The trade duty regime should, for the time being, remain unchanged; and
d. The soy value chain, in cooperation with other value chains and government, should keep exploring improvement of the current transport possibilities or investigate alternatives, to facilitate a higher level of competitiveness against imports.

4. THE CURRENT GLOBAL AND DOMESTIC ECONOMIC CONDITIONS

The global economy is recovering from the 2020 COVID-19 shock, which resulted in a contraction of 3,2% in the global economy in 2020. According to the International Monetary Fund (IMF), global economic expansion is estimated at 6,0% y/y.

With that said, the recovery is not uniform. The developed world, which had more fiscal space to support their economies and also financial resources to secure the vaccines, are seeing much faster growth than the resource-poor developing world. For example, advanced economies could grow by 5,6% y/y in 2021, while most emerging markets and developing countries are set to see a much softer recovery. This is a scenario that the IMF attributes to "differences in vaccine access and the ability to deploy policy support, creating a growing divergence between advanced economies from many emerging markets and developing economies".

Looking towards 2022, the economic path will be determined much by the pace of vaccination, which would allow businesses and the economies to open. Moreover, the government support programme for businesses in various developing countries will be crucial in the recovery mode. To this end, various Development Finance Institutions such as the World Bank and IMF, amongst others, have structured financial instruments which countries that qualify could tap into or borrow from as a way to support the local economies and utilise some funds for vaccine procurement. The rate of success of these efforts is yet to be seen. As of August 2021, the IMF estimated global growth for 2022 at 4,9% y/y, which is a slight cooling off from a higher base of 6,0% y/y in 2021 **(Table A)**.

TABLE A: REAL GDP

	2020	2021	2022
Global GDP (%)	-3,2	6,0	4,9
Advanced economies GDP (%)	-4,6	5,6	4,4
Emerging market and developing economies GDP (%)	-2,1	6,3	5,2

Source: International Monetary Fund

On the domestic front, South Africa has been one of the countries hard hit by the COVID-19 pandemic. The economy contracted by 7,0% y/y in 2021. The COVID-19 arrived in an environment that was already fragile following years of resource mismanagement on what has been termed locally as a "wasted decade" of former President Jacob Zuma, littered with corruption and incompetence at government level and various leadership positions.

In October 2020, the South African government launched its Economic Reconstruction and Recovery Plan, which is a path of recovery from the COVID-19 shock and the years of mismanagement. There is starting to be some levels of success which reforms in energy policy, water policy, and also increases in efficiency at state-owned enterprises

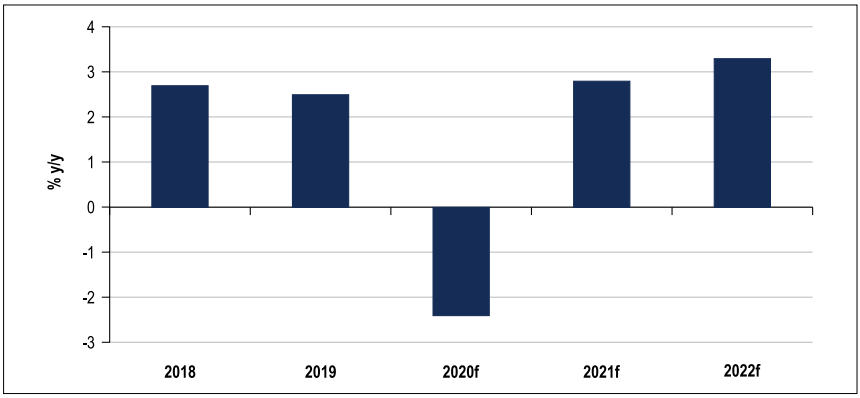
and government level guided by the Vulindela Operation under the leadership of the National Treasury.

The IMF forecasts estimate that South Africa's economy could grow by 4,0% y/y in 2021. This is primarily on the back of a lower base and is also supported by robust activity and higher prices in the mining sector, agriculture and recovery in the services industry. While this is a welcome development, it will be a while before the size of South Africa's economy reaches the 2019 levels.

4.1 Sub-Saharan Africa

Like most regions of the world, the sub-Saharan Africa region experienced one of the severe shocks of the COVID-19 pandemic in 2020. The regional economy contracted by 2,4% y/y **(Figure 3)**. The major regional economies – Nigeria, South Africa and Angola – contracted by 1,8% y/y, 7% y/y, and 5,2% y/y, respectively. South Africa was the hardest hit for the reasons we have highlighted above.

FIGURE 3: SUB-SAHARAN AFRICA'S ECONOMIC GROWTH PROSPECTS



Source: World Bank, Agbiz Research

This region's recovery path is likely to be challenging, not only because of weak fiscal space to support businesses but also slow vaccination. By June 2021, the IMF noted that "less than one adult in every hundred is fully vaccinated, compared to an average of over 30 in more advanced economies."[1] This slow pace of vaccination remains a risk of the mutation of variants of the virus, which then leads to numerous waves of infection and subsequently affect the business activity.

The World Bank currently forecasts sub-Saharan Africa's 2021 economic growth at 2,8% y/y, which is a far dismal recovery path compared with the developed world that

[1] IMF. 2021. "Sub-Saharan Africa: We Need to Act Now".
Available here: https://blogs.imf.org/2021/06/28/sub-saharan-africa-we-need-to-act-now/

is growing at 5,6% y/y. The closures in business activity at times of spikes in infection, and subsequent financial impact and job losses are some of the causes of the dismal recovery in economic activity in this region of the world. It is the only access to vaccine and increased vaccination pace that will bring some level of normality in business activity and leads to a modest recovery in fortunes.

4.2 Global inflation rates

The economic stimulus in the advanced economies such as the United States, Germany, United Kingdom, and other countries, through unemployment wages and various forms, have resulted in an increase in consumer spending. This, in turn, has led to an uptick in consumer price inflation which in 2021 has been a key topic of discussion amongst economists. The IMF forecasts consumer price inflation in the advanced economies at 1,9% y/y in 2021, a notable acceleration from 0,5% y/y in 2020, as illustrated in **Table B**.

In the emerging world, there is also an uptick in inflation, partly driven by an increase in food prices which are underpinned by a rise in grain and oilseeds prices. The available data shows that consumer price inflation for the emerging markets accelerated to around 5,0% y/y in 2021, from 4,4% y/y in the previous year. The forecasts for 2022, however, show moderation to 4,1% y/y as the global food prices soften on the back of a recovery in global production and a slowdown in Chinese demand **(Table B)**.

TABLE B: CONSUMER PRICE INFLATION FORECASTS

	2020	2021	2022
Advanced economies (%)	0,5	1,9	1,7
Emerging markets and developing economies (%)	4,4	5,0	4,1

Source: International Monetary Fund

On the domestic front (South Africa), there is also no risk of inflation exceeding the upper bound target of 6% (with 3% being the lower bound). The forecasts from the South African Reserve Bank suggest that consumer price inflation could average 4,3% in 2021 (compared to 3,3% y/y in 2020) and accelerate somewhat to 4.4% in 2021. This is still below the SARB's midpoint target of 4.5% y/y, which signals that interest rates could remain at relatively lower levels for the foreseeable future as there is no risk of inflation.

4.3 Unemployment

The COVID-19 pandemic has brought major disruption in the global labour market. The closures of businesses at various stages of a spike in infections, along with social support measures by governments, have had varying impacts on employment across the globe. In countries such as the US and much of the developed world, workers have opted into social support measures and are reluctant to return to work.[2] Hence, global has urged up somewhat from 2019 levels, as illustrated in **Table C**.

[2] For more on US labour shortages, see: https://www.forbes.com/sites/tomspiggle/2021/07/08/what-does-a-worker-want-what-the-labor-shortage-really-tells-us/?sh=1b2e492f539d

TABLE C: UNEMPLOYMENT RATE TRENDS (%)				
	2019	2020	2021	2022
Global	5,4	6,5	6,3	5,7
Upper-middle-income countries	3,6	5,3	4,2	3,7
Low-income countries	5,2	5,6	5,3	5,2
Source: International Labour Office				

In South Africa, the unemployment rate rose to a new record high of 32.6% in the first quarter of 2021 from 32.5% in the final quarter of 2020. This is the highest level since the quarterly labour force survey started in 2008. While South Africa has always had a chronic unemployment challenge, the COVID-19 pandemic has exacerbated the challenge. The temporary closure of businesses and the economic shock thereafter has led to this notable rise in employment. The job losses in the first quarter of 2021 were recorded mostly in construction, followed by trade, private households, transport and agriculture sectors.

On a sectoral level, in the first quarter of 2021, South Africa's agricultural jobs were down by 8% y/y, with 792 000 people employed. This is the lowest level since 2014, which was a drought year. But we are not in a drought season at the moment. The decline in jobs seems to be concentrated within industries affected by various regulations in the lockdown period, such as the horticulture (wine grapes) and game industries.

From a provincial perspective, the job losses were reported in the Western Cape, Northern Cape, Free State, KwaZulu-Natal and North West, with the rest of the provinces registering an uptick from the first quarter of 2020. To underscore our point about the provinces hard hit by the lockdown regulations being the ones that experienced a notable decline in employment, consider the Western Cape, where agricultural jobs fell by 47% in the first quarter of 2021 compared to the corresponding period the previous year. The Western Cape's agricultural employment is now at its lowest since 2014, at 136 000. We suspect that the tail-end effects of the ban on wine and alcohol sales continue to constrain farmers' finances. The same is true for the Northern Cape, which experienced job losses, albeit relatively lower than the Western Cape.

For other provinces that are not in wine production, it is also plausible that social distancing measures that are in place to limit the spread of the pandemic might have contributed to the decline in employment, especially for seasonal workers. We say this because the Free State, North West and KwaZulu-Natal are among provinces with good activity in field crop, horticulture, and livestock subsectors in a year of favourable rains that allowed for expansion in area farmed. That said, it is important to mention that the different sub-sectors of agriculture have varying levels of labour intensity. The horticulture industries tend to be more labour-intensive, while field crops and livestock are relatively more mechanised.

The employment data will be of interest in the coming months following the 16,1% increase in the farm minimum wage to R21,69 per hour with effect on 1 March. Various commodity groups, especially those heavily affected by the lockdown regulations, have indicated that the recent increase in the minimum wage could cause a further squeeze on cash flow and negatively influence hiring decisions. Nevertheless, the actual effects of the current minimum wage increase on jobs will only be apparent with a lag.

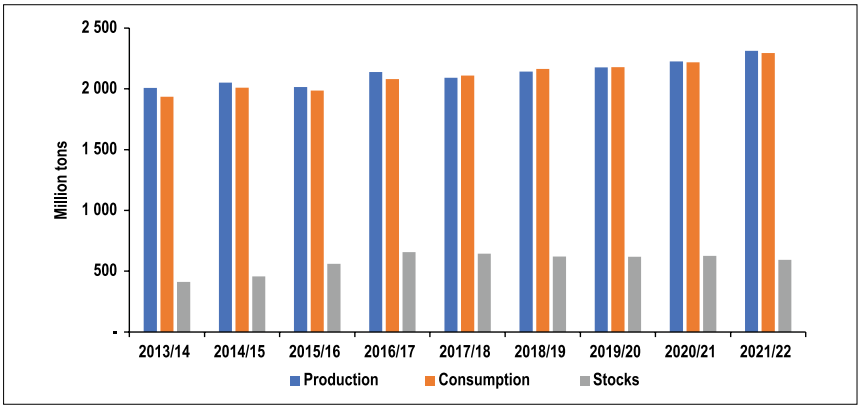
FIGURE 4: SOUTH AFRICA'S AGRICULTURAL JOBS

Source: Stats SA and Agbiz Research

4.4 Global grains and oilseeds outlook

The International Grains Council (IGC) forecasts 2021/22 global grains production at 2,3 billion tons, which is a 3% increase from the previous season **(Figure 5)**. This is mainly boosted by prospects of higher grains output in the US, Black Sea, Euro Area and Asia. From a commodities perspective, baize, soybean, rice and wheat are the key drivers of the potential uptick in global grains production. However, the grain stocks will likely decline by 5% y/y to 594 million tons, the lowest level since 561 million tons. This is because of an increase in consumption. This means that the global grains prices could remain somewhat volatile in the near to medium term because of the lower stocks.

FIGURE 5: GLOBAL GRAINS AND OILSEEDS SUPPLY AND DEMAND



Source: International Grains Council and Agbiz Research

4.4.1 Maize

The IGC forecasts the 2021/22 global maize production at a new peak of 1,2 billion tons, up by 7% y/y. This is on the back of an expected large crop in the US, Brazil, Argentina, Ukraine, China, EU, and Russia. This has resulted in a slight improvement of 1% y/y in stock levels to 270 million tons. As such, the global maize prices could somewhat soften in the coming months, in response to an improvement in global grain supplies. This will be a welcome improvement as the prices have, in the first half of 2021, lifted notably as a result of lower global stocks and also strong demand from China. The animal feed industry has had to cope in an environment of elevated input costs. As such, the current production estimates and price movement expectations are a welcome development.

Still, the 2021/22 maize crop is currently at its growing stages in the northern hemisphere, which means the weather is an essential factor to monitor in the coming months since it will continue to influence crop conditions, and whether the forecasted 1,2 billion tons harvest materialises.

In the southern hemisphere, however, the 2021/22 maize season's planting will only begin around October. The long-term weather forecasts, specifically for South Africa, look favourable with prospects of a weak La Niña. This means there could be above normal rainfall, which increases the prospect of yet another good maize crop for South Africa in the 2021/22 season. The IGC, however, currently forecasts South Africa's 2020/21 maize harvest at 16,1 million tons, which is down 6% y/y. While it is still too early to provide estimates for the next season, this figure is plausible if the country is set to experience good rains, which is well above the average long-term maize production of 12,5 million tons.

4.4.2 Wheat

Moreover, the IGC forecasts the 2021/22 global wheat production at a record 788 million tons, up 2% y/y. Expected large crops boost this in the EU, Ukraine, Argentina, China, India, and the UK. Due to increased production, the 2021/22 global wheat stocks are forecast at 280 million tons, up by 0,3% y/y. This improvement in stocks means that the prices could soften somewhat going forward, as with maize.

The importing countries such as South Africa are set to benefit from moderation in prices. South Africa imports roughly 50% of its annual wheat consumption. In the 2020/21 marketing year, which ends on 30 September, imports are estimated at 1.6 million tons, down by 16% y/y. This decline in imports estimate is on the back of improved domestic production on the back of favourable weather conditions across the country.

4.4.3 Rice

Also worth noting is that the global rice supplies and stocks are also at comfortable positions, well above the 2020/21 production season. The IGC forecasts the 2021/22 global rice production at a record 511 million tons, up 1% y/y (this is down by a million tons from June 2021 estimate). This is on the back of possible expansions in area plantings in Asia, combined with expected better yields resulting from favourable weather conditions. These prospects for increased rice production have added a bearish pressure on prices across all major producing countries and, in turn, beneficial to import countries like South Africa, which is set to import 1.1 million tons in 2020 (up 10% y/y).

4.4.4 Soybean

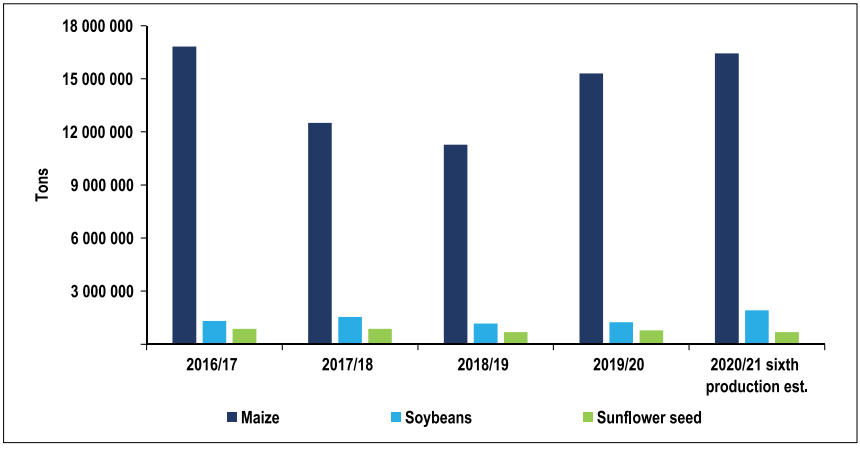
The observations are similar in the global soybean production prospects, with the 2021/22 harvest estimated at 382 million tons, up by 5% y/y. The beneficial weather conditions will likely boost the soybeans crop in Brazil, Argentina, India, Paraguay, Russia, Ukraine, and Uruguay. This projection is also supported by solid growth in feed demand as China has recovered from African Swine Fever (ASF), and the pig and poultry industry continues to stabilise. The robust production will also provide a boost on the stocks, which are estimated at 54 million tons in 2021/22, up 9% y/y. South Africa is a net importer of soybean oilcake. Hence the global conditions of soybeans are important to continuously observe. Notably, the improved global soybeans stocks mean that the global prices could somewhat soften, and that could be beneficial to the domestic animal feed industry. As always, the only risk for imports is the wobbly domestic currency, which could push up the costs of importing global soybean oilcake. Also, if China makes any aggressive purchases of oilseeds, as was the case in the previous seasons, we could see an uptick in prices. Still, we view such a situation as unlikely.

4.5 Domestic grain and the oilseeds commodity outlook

Although our focus is shifting towards the 2021/22 production season, which starts in October, we continue to monitor the production updates of South Africa's 2020/21 summer crops. The Crop Estimates Committee (CEC) released its sixth production estimate at the end of July 2021, reaffirming ample supplies. Most crop estimates were left roughly unchanged from June 2021 production figures except for commercial maize and sorghum, which were lifted by 3% and 5%, to 16,4 million tons and 203 980 tons, respectively. The non-commercial maize saw a much larger revision of an 8% increase from June 2021 to 636 440 tons. This placed South Africa's overall maize production for the 2020/21 season at 17,1 million tons. This is up by 8% from the 2019/20 production season and the second-largest harvest on record. Meanwhile, sorghum is up by 29% y/y and has the largest harvest in seven years.

Soybean's 2020/21 production estimate was left unchanged at a record 1,9 million tons (up 54% y/y), groundnuts at 58 900 tons (up 18% y/y), dry beans at 56 577 tons (down 13% y/y) and sunflower seed at 677 240 tons (down 14% y/y). As we highlighted in the previous month's update, the broadly large 2020/21 summer grain and oilseeds production estimate is on the back of increased area plantings for summer crops and favourable rainfall since the start of the season.

FIGURE 6: SOUTH AFRICA'S MAJOR SUMMER GRAIN AND OILSEEDS PRODUCTION



Source: Crop Estimates Committee and Agbiz Research

If we focus on the major grains, the current maize production data essentially mean South Africa would remain a net exporter in the 2021/22 marketing year. South Africa's annual maize consumption is roughly 11,5 million tons, which means there will likely be over 2,8 million tons of maize available for export markets, all else being equal (the official estimates, however, are that exports could amount to 2,6 million tons in 2021/22 marketing year, down 10% y/y because of expected weak demand in the

Southern Africa region). Notably, the increased soybeans production also means a decline in soybean oilcake imports, which in a typical year is just under half a million tons a year.

Looking ahead

As the harvest for the 2020/21 summer grains and oilseeds draws to a close, the focus is increasingly shifting towards the 2021/22 production season, which commences in October. The preliminary insights suggest that South Africa could have another good season, although rainfall might not be as abundant in the 2020/21 season. The three critical indicators we have thus far, i.e., (1) the tractor sales, (2) weather outlook for the next five months, and (3) grains and oilseed prices, paint a positive outlook.

First, South Africa's tractor sales for the first half of 2021 are up 27% year on year (y/y), at 3 385 units. Admittedly, the improved farmers' finances following a large harvest and higher commodity prices in 2020/21 have been a key support factor. Still, the positive sentiment about the upcoming 2021/22 production season is also an essential factor behind the higher levels of tractor sales. As we highlighted in our previous notes, the optimism in the sector is also clear from the results of the agribusiness confidence levels in the second quarter of the year. The Agbiz/IDC Agribusiness Confidence Index, which measures the sentiment amongst agribusinesses and major farming entities, reached a record high (since its inception in 2001) of 75 in the second quarter of this year from 64 in the first quarter of 2021. While these results reflected favourable conditions for all subsectors of agriculture, with various crops set to reach record output levels in the 2020/21 season, the next season will benefit from the positive momentum.

Second, the weather outlook for the upcoming 2021/22 production season shows encouraging signs. In its Seasonal Climate Watch for August to December 2021, the South African Weather Service noted that "the El Niño-Southern Oscillation (ENSO) is currently in a neutral state and the forecast indicates that it will most likely remain in a neutral state for spring, with a likely change to a weak La Niña during early-summer. As we move towards the spring and summer seasons, ENSO plays an important role in our summer rainfall. As such, the increased likelihood of a weak La Niña during early summer is expected to be favourable for above-normal rainfall in that period."

Importantly, the expected higher rainfall would most likely be a reality in the central to eastern regions of South Africa throughout December, while the country's western areas will most likely receive normal rains. The outlook from January onwards is unclear at this stage. Still, we think if the forecast weather outlook materialises, it could set favourable production conditions for yet another season. The 2020/21 summer season brought higher rainfall which improved soil moisture across the country. This sets a good starting point for sowing for the next season. This is conducive not only for the major grains and oilseeds, which are the primary focus in this note, but also for the entire agricultural sector.

Third, while we expect South Africa's maize, soybeans and sunflower seed prices to soften somewhat in the second half of the year compared to the previous one, these are still and will remain attractive levels which should incentivise farmers to maintain sizable plantings in 2021/22 season. For example, on 29 July 2021, yellow and maize prices were up 26% and 23% y/y, trading at R3 373 per ton and R3 227 per ton, respectively. On the same day, sunflower seed and soybeans spot prices were 50% y/y and 13% y/y up, trading around R9 285 per ton and R7 727 per ton, respectively.

We will only know the farmers' intentions to plant for the 2021/22 summer grains and oilseeds on 27 October 2021, when South Africa's Crop Estimates Committee is scheduled to release the data. The preliminary estimates from the United States Department of Agriculture (USDA) point to a somewhat pessimistic outlook for South Africa's 2021/22 maize area plantings, placing it at 2,5 million hectares, down 9% y/y. The USDA attributes this potential decline in maize area plantings to a possible reduction in maize prices towards the end of the year. This is on the back of an expected decline in global maize prices, at a time where Southern African regional demand for maize will also weaken following large harvests across the region. However, the yield estimates are set to be roughly in line with the 2020/21 season, at around 5,9 tons per hectare, because of anticipated favourable weather conditions. Although we are not entirely convinced that an area of plantings for maize could fall to 2,5 million hectares in the 2021/22 season, such an area would be in line with 10-year average plantings for commercial maize in South Africa. Importantly, such a decline would also mean that the area switches from maize to sunflower seed and soybeans, which in sum would still lead to an improvement in South Africa's 2021/22 summer grain and oilseed production.

In sum, the higher tractors sales, attractive prices and favourable weather forecasts suggest that South Africa is set for another favourable agricultural season in 2021/22. With that said, it is still early, and we wait for more data, especially weather-related data, to formulate a firm view. South Africa will need favourable rains primarily between October 2021 and February 2022 for this upcoming season, not only for field crops but also for livestock and horticulture. For now, the available indications are encouraging.

4.6 Agricultural trade

South Africa's agricultural sector is export-orientated. Nearly half of the annual produce, in value terms, is exported in regular and good seasons. The 2020/21 season has been one such season, producing the second consecutive strong output performance, with an even larger harvest for major field crops, horticulture and the wine industry than in 2019/20. This robust production could boost exports to surpass the 2020 level of US$10,2 billion.

For example, in the first quarter of 2021, agricultural exports amounted to US$2,9 billion, which is a 28% year-on-year (y/y) increase. We now have the complete data for the second quarter, which showed an even stronger performance with exports valued at US$3,2 billion, up 36% y/y. This means that in the first half of 2021, South Africa's agricultural exports amounted to US$6,1 billion, which is a 30% y/y increase. Compared with last year, the growth is partly because of base effects, as the first half of 2020 was heavily affected by the COVID-19 related disruptions to global supply chains. Still, the growth reflects rising export performance for various products.

In the second quarter of this year, the top exportable products were citrus, apples and pears, maize, wine, grapes, pineapples and avocados, wool, and nuts, amongst other products. We expect some of these products to continue dominating the export list in the second half of the year, thanks to large production volumes. There were temporary delays in exports in the port of Durban at the start of July because of unrest. Moreover, later in July, there were additional brief delays in export activity across South Africa following IT glitches on Transnet systems. This will likely be reflected in the third quarter export trade activity. However, this does not change our view that exports could be larger in 2021 than the previous year because of the robust harvest.

To illustrate this point, consider the data from the South African Wine Industry Information and Systems, which estimated the 2021 wine grape crop at 1,5 million tons, 9% larger than the 2020 harvest. While there was a temporary ban on alcohol sales domestically, the exports continued for those entities with access to export markets, thus contributing to an increase in exports this year. The Citrus Growers' Association forecasts South African citrus exports at a record 159 million cartons for this year, up by 9% from 2020. The citrus industry was affected by the temporary closures in the Port of Durban during the unrest at the start of July and later faced delays in export activity when Transnet experienced IT glitches. Still, the response to these challenges was swift, and export activity quickly resumed.

Moreover, South Africa could export 2,6 million tons of maize in the 2021/22 marketing year (this marketing year corresponds with the 2020/21 production season). This, however, would be 10% below the previous season because of an anticipated decline in Southern African demand. The rest of the Southern Africa region is typically a key importer of maize from South Africa, but there is a significant improvement in maize production across the region this year, and thus less need for South Africa's maize. These available maize export volumes are on the back of a large harvest which the Crop Estimates Committee forecasts at 16,4 million tons, the second largest on record.

Agriculture exports by region

From a destination point of view, the African continent and Asia were the largest markets for South Africa's agricultural exports in the second quarter of this year, accounting for 34% and 26% in value terms, respectively. The European Union was the third-largest

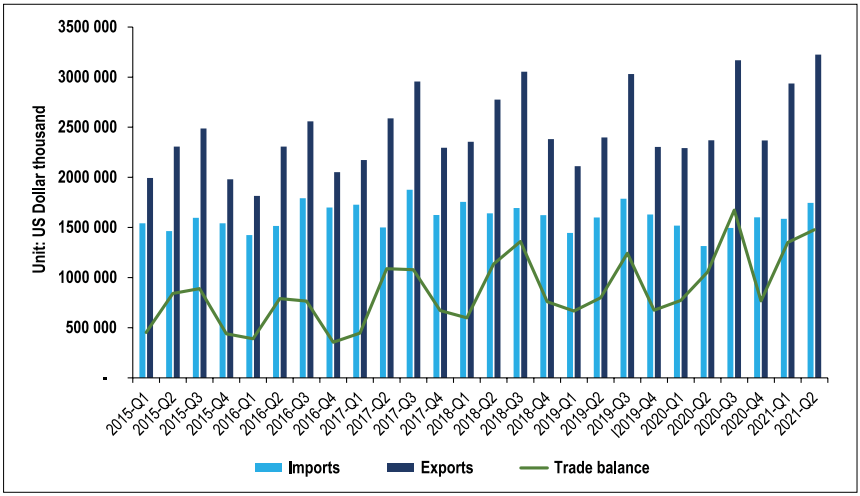
market, taking up 21% of South Africa's agricultural exports in the second quarter of 2021. The balance of 19% of export value constitutes other regions of the world.

Agriculture imports

Notably, South Africa's agricultural imports also increased in the second quarter of 2021 by 33% y/y to US$1,7 billion. The top imported products were the usual ones where domestic consumption usually outstrips domestic production. These are primarily palm oil, wheat, rice, poultry products and soybean oilcake, amongst other products. We believe rice, wheat, and palm oil will continue leading the agricultural import product list throughout the second half of the year. The International Grains Council forecasts South Africa's 2021 rice imports at 1.1 million tons, a 5% increase from the previous year.

Meanwhile, South Africa's 2020/21 wheat imports are forecast at 1,58 million tons, down by 16% y/y following an uptick in domestic production. We expect a notable decline in soybean meal imports as South Africa has a record soybean harvest of 1,92 million tons in the 2020/21 production season. The increase in domestic soybeans production should substitute a large share of the usual imports.

FIGURE 7: SOUTH AFRICA'S AGRICULTURAL TRADE



Source: Trade Map and Agbiz Research

Agriculture trade balance

Overall, South Africa recorded an agricultural trade surplus of US$1,5 billion in the second quarter of 2021, which is a 40% y/y increase, in part because of lower base effects, as previously stated. With major economies in Europe, Asia, and the Americas recovering from the 2020 economic shock of the pandemic, we expect the demand

for food products to remain firm and support exports in South Africa. The relatively weaker exchange rate will also most likely keep South African agricultural products competitive for foreign buyers. As such, with the large volumes of production of various crops and fruits and sound output in the wool industry, we believe that South Africa's 2021 agricultural exports are on track to exceed the 2020 level of US$10,2 billion.

5. THE GLOBAL FEED SITUATION

The year 2020 would in the world go down in history, specifically in a global feed context, as the year when an animal disease like African Swine Fever (ASF) causing a global animal health pandemic, was overshadowed by a human condition, COVID-19 causing a global human pandemic, not only changing the feed environment, but changing the landscape in which we live in today, influencing each and every human being on this planet.

COVID-19 brought enormous challenges to the global economy, and agriculture, including the feed and food sectors, were no exception, with fears of food security in the order of the day giving way to panic purchasing of essential food and supplies. However, this fear quickly died down when it became evident that world food supply chains are still in tack and are able to supply as per normal, only with additional food safety and human safety protocols added to be adhered to.

Despite the COVID-19 challenges, global feed production increased by 1% to 1 188 million tons, with the most significant regional growth recorded respectively in South America, Asia-Pacific and North America. However, this global feed production increase took place in an contracting economic environment, causing almost 1 000 feed mills closing down during 2020, with ± 60% of ingredient suppliers being significantly affected by the COVID-19 pandemic.

TABLE D: GLOBAL FEED PRODUCTION RANKING – 2020

Rank	Country	Feed Production ('000 tons)	Rank	Country	Feed Production ('000 tons)
1	China	240,0	14	South Korea	20,8
2	USA	215,9	15	Turkey	19,6
3	Brazil	77,6	16	UK	17,9
4	India	39,3	17	Philippines	17,8
5	Mexico	37,9	18	Indonesia	17,5
6	Spain	34,8	19	Vietnam	17,3
7	Russia	31,3	20	Italy	14,7
8	Japan	25,2	21	Netherlands	13,3
9	Germany	24,9	22	South Africa	12,1
10	Argentina	22,5	23	Poland	11,3
11	France	21,8	24	Iran	9,5
12	Canada	21,4	25	Australia	9,2
13	Thailand	21,3	26	Taiwan	7,7
TOTAL FEED PRODUCTION 2020					**1 187,7**

Source: Alltech Global Feed Survey – 2020

The top 10 feed producing countries represented an estimated 63% of the global feed market share in 2020. If this list is expanded to the top 20 producing nations, they combined produce an estimated 80% of global feed. Feed cost in the top 10 producing nations is estimated to be ± 9% lower than the rest of the producing countries.

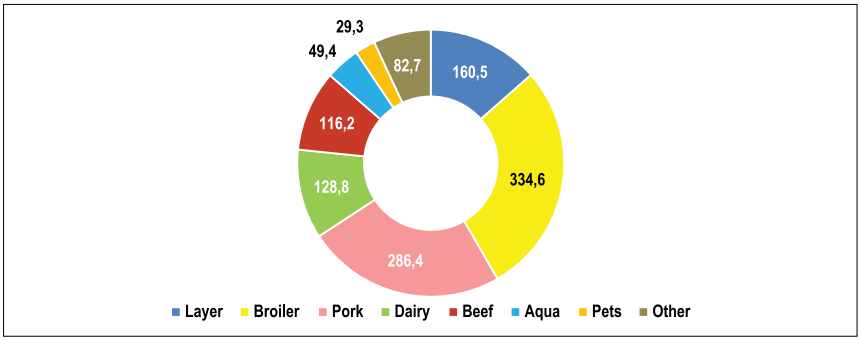
The slow recovery of the global pork industry is evident in **Table E**, only growing by 25.5 million tons in 2020. On the other hand, poultry feed production increased by 30.1 million tons to 495.1 million tons in 2020.

TABLE E: TOTAL FEED PRODUCTION PER REGION – 2020 ('000 TONS)

Region	Layer	Broiler	Pork	Dairy	Beef	Aqua	Pets	Other	Total
Africa	7,9	11,2	2,5	5,8	2,6	1,5	0,4	11,2	43,0
Asia-Pacific	77,9	143,6	120,6	23,6	13,0	36,5	3,2	15,6	433,9
Europe	31,1	54,9	72,9	41,8	17,8	4,1	9,4	29,9	261,9
Latin America	23,1	62,0	35,0	21,5	16,6	4,9	6,4	7,0	176,5
Middle East	4,4	8,1	0,0	6,3	1,5	0,5	0,1	4,0	24,9
North America	15,1	50,9	54,0	28,3	64,1	1,7	9,4	13,7	237,2
Oceania	1,0	3,9	1,4	1,6	0,7	0,2	0,5	1,3	10,4
TOTAL	**160,5**	**334,6**	**286,4**	**128,8**	**116,2**	**49,4**	**29,3**	**82,7**	**1 187,8**
% van Total	13,5%	28,2%	24,1%	10,8%	9,8%	4,2%	2,5%	7,0%	

Source: Alltech Global Feed Survey – 2020

FIGURE 8: GLOBAL FEED PRODUCTION – 2020 ('000 TON)



Source: Alltech Global Feed Survey – 2020

When total poultry feed production is compared to the current 286.4 million ton pork feed production, it could be expected that the commodity markets will be lively, with the Chinese pork industry eagerly in a process of restoring their pork industry. Before the massive global ASF pandemic, global pork feed production was close to the point of overtaking global poultry feed production and gaining the number one spot in global feed production.

6. AGRICULTURAL AND GOVERNMENT POLICY ISSUES

The coronavirus (COVID-19) pandemic dominated the first half of the 2021 season after suffering subsequent waves of infection from 2020. As the economy and supply

chains adapted to the COVID-19 pandemic, a few policy issues remained a key priority for the agricultural sector in general and the feed industry in particular.

The Poultry Sector Master Plan is now under Phase 1 implementation – in which two (2) of five (5) pillars[3] are trade-related workstreams. These include (a) driving exports (b) trade measures to support the local industry. In 2021, the industry has been implementing measures to grow domestic and export markets. The sector has strategically prioritised Saudi Arabia, United Arabs Emirates (UAE) and Qatar to export poultry products.[4] The industry is planning to export cooked and raw products to SADC, other ACFTA countries, and the EU. The goal of the Master Plan is to export at least 3-5% of production by 2023, and 7-10% by 2028 and a growing proportion thereafter. Local productive capacity is expected to grow following the R1.15 billion investment in upgrading and improving the efficiency of facilities. Meanwhile, tariff increases of frozen boneless chicken cuts from 12% to 42% and bone-in chicken portions from 37% to 62% implemented since March 2020 are expected to support the expansion of local production by preventing various forms of dumping into the local market.

Biosecurity issues in KZN and Limpopo have remained problematic – with the country struggling to contain outbreaks of Foot and Mouth Disease (FMD), Highly Pathogenic Avian Influenza (HPAI) and African Swine Fever. In June 2021, the South African government mooted the idea of establishing a Biosecurity Task Team, whose mandate will be to ensure continued and uninterrupted exports in the face of increased risks of disease outbreaks. To add, South Africa has remained engaged with the World Organization for Animal Health in a continued effort to reinstitute the country's status of FMD-free zone. If unresolved, the biosecurity problems facing the country are a long-term risk to the growth of the livestock industry. Worth noting, however, is that the issue of managing animal health disease risk is not unique to South Africa, but rather a critical problem in global markets as well. For instance, China continued to struggle with African Swine Fever, despite much-improved animal handling and containment measures. China's demand for soybean and grains continue to firm, with improved post-Trump administration US-China trade relations also adding to positive growth.

The expectation is that biosecurity issues, among other broader industry challenges, will be resolved by fully implementing the Agriculture and Agro-processing Master Plans (AAMPs). At the time of writing this report, the drafting of AAMP framework has now been completed, and with the South African government designating agriculture as one of the lead sectors that will drive the Economic Reconstruction and Recovery Plan (ERRP), recommendations coming out of the AAMPs will expectedly be prioritised

[3] The other three pillars include – (a) expanding and improving local production; (b) driving domestic demand; and (c) enhancing regulatory framework and to ensure compliance.

[4] Efforts to initiate exports of cooked meat to UAE and Saudi Arabia still on-going, with export certificates required for each jurisdiction. The process has been completed in the UAE completed, but still incomplete in Saudi Arabia. Export contract are ready to be signed as soon as the processes are completed.

and fully implemented. Key recommended interventions such as blended finance instruments that will provide funding to new players in the industry are critical to the expansion of the livestock, grains and oilseeds sectors – which will collectively lead to an anticipated growth in the feed industry.

From a trade agreement perspective, the main highlight is the official kick-off of the African Continental Free Trade Agreement (AfCFTA), which despite efforts to fast-track its launch, will likely not be operational until the end of 2021 due to outstanding negotiations. In other trade agreements of concern, the SACU EFTA reviews are still ongoing – with crucial issues being centred on a concession that is based on a conditional agricultural offer that could provide EFTA access to the SACU market for poultry, sheep and dairy.

This section of the report outlines some of the key areas of trade negotiations – which include those still under negotiation, those that have been concluded but are under review, as well as those that are concluded but requiring constant monitoring to ensure smooth and full implementation.

6.1 Tariffs, rebates and trade remedies

a) AGOA Poultry Rebate

With the US going through an election year, there was not much activity in the AGOA space. An election outcome that saw a change of administration from former President Donald Trump to current President Joe Biden is expected to ease fears around wholesale changes to US trade policy, to a more expectedly stable outlook. However, the uncertainty of AGOA will likely remain, as we approach the 2025 deadline, without clear indications of a post-AGOA reciprocal trade arrangement.

Meanwhile, the poultry quota under the AGOA Rebate increased by 2%, from 68 590 tons in 2019/20 to 69 972 tons 2020/21. However, the growth in the quota slowed from the previous year after having increased by 5% from the 2018/19 period to 2019/20 period. As a result, actual imports of bone-in poultry from the US in the 2020/21 period declined by 23%, from a peak of 87 080 tons to 66 771 tons. Overall, South Africa's bone-in chicken imports declined by 28% from 302 951 tons to 216 754 tons over the same period.

TABLE F: THE AGOA POULTRY REBATE

Date		Quota (tons)	Quantity Imported (tons)
1st April 2016	31st March 2017	65 000	47 804
1st April 2017	31st March 2018	65 000	73 566
1st April 2018	31st March 2019	65 417	78 021
1st April 2019	31st March 2020	68 590	87 080
1st April 2020	31st March 2021	69 972	66 771

US bone-in imports did not exceed the allotted quota for the first time since 2016. The decline in South Africa poultry imports was caused to a large degree, by the COVID-19 induced slow-down in imports. Bone-in poultry imports in the current quota period have remained subdued, and interventions in the Poultry Sector Master Plan are anticipated to strengthen local industry capacity and reduce the market share of imports in the domestic market.

6.2 Trade Agreements

a) Southern African Development Community (SADC) and Mozambique: Economic Partnership Agreement (EPA) with the European Union (EU)

There has been no significant movement in trade policy under the SADC-EU EPA, aside from internal deliberations within SACU where Senior Officials are engaging on draft guidelines for the implementation of Agricultural Safeguards. More specifically, SACU had reservations around the discretion with respect to the specific levels of safeguard duties that can be imposed in instances where imports exceed trigger levels.

Meanwhile, the EU has invoked Article 79 of the SADC-EU EPA on Dispute Settlement Procedures about safeguard measures introduced by SACU on imports of poultry products originating from the EU. There are specific procedural matters that have to occur before the arbitration process actually begins. A delay and an extension to the timelines are, however, expected due to the COVID-19 pandemic, given that SACU's preferred that the arbitration hearings be convened physically to enable effective internal consultations among member states.

Meanwhile, SACU has allocated import tariff rate quotas (TRQs) – which are outlined in **Table G** below:

TABLE G: SACU IMPORT TARIFF RATE QUOTAS AS AT JUNE 2021

Product	Preferential Tariff (%)	SACU Quota (tons)	RSA's Allocation (tons)	RSA's Total Imports (tons)	Share Utilised by RSA (%)
Cheese	0%	8 150	5 705	2 504	43.9%
Pig Fat	0%	200	140	59	42.4%
Butter	-75% MFN	500	350	15	4.2%
Pork	-75% MFN	1 500	1 250	-	0%
Ice Cream	50% MFN	150	105	91	86.5%

Source: DALRRD (2021)

With respect to the UK, the previous Chairman's report noted that Brexit had successfully been negotiated, and this enabled SACU(M) to implement the SACU-UK EPA. Essential to mention was that the SACU and the UK had a "built-in" agenda and transitional arrangement provisions, whose proposals and approaches were adopted. Meanwhile, SACU's import Tariff Rate Quotas (TRQs) for skimmed milk and butter – allocated at 159 tons respectively, were yet to be utilised at the time of writing this report.

b) SACU-MERCOSUR (Argentina, Brazil, Paraguay (suspended) and Uruguay) Preferential Trade Agreement (PTA)

There SACU-MERCOSUR Agreement was due to be held in the first half of 2021, but may now be scheduled in the second half of 2021 at the request of SACU. The main agenda of the review is to discuss the transposition of the products covered in the SACU-MERCOSUR PTA to the latest harmonised system; and the online exchange of the specimen signatures and stamp impressions. A Joint Administration Committee (JAC) was set up to focus on discussing the administrative issues and collaboration on matters related to customs, standards, Non-Tariff Barriers (NTBs).

Given that MERCOSUR had expressed an appetite to broaden the product scope of the PTA, the SACU side remained concerned about its trade deficit with the MERCOSUR bloc. Therefore, SACU is in the process of undertaking further assessments of the trade flows between SACU and MERCOSUR individually and collectively, disaggregated into manufacturing, agriculture, mining, etc., taking into account the MFN and PTA preferential trade. This will inform a position regarding SACU's take on the expansion of the PTA into other product areas. As of now, **Table H** shows the relevant products and Tariff-Rate Quotas (TRQs) offered to the MERCOSUR by SACU, and these are partitioned between Paraguay and Uruguay.

TABLE H: OFFER OF SACU TO MERCOSUR – TARIFF RATE QUOTAS (TRQS)

HS code 2007	Description	Margin of Preference	Quota	Actual Imports (1st April 2019 – 31st March 2020)
02023000	Boneless Beef	25	Paraguay (250 tons)	Paraguay (null)
			Uruguay (250 tons)	Uruguay (72 tons)
12010000	Soybeans	25	Paraguay (10 000 tons)	Paraguay (null)
			Uruguay (6 000 tons)	Uruguay (null)
15071000	Soybean oil	25	Paraguay (5000 tons)	Paraguay (null)
15121100	Sunflower oil	25	Paraguay (4000 tons)	Paraguay (null)

Both Paraguay and Uruguay are yet to export, let alone fill their quotas, since the SACU-MERCOSUR agreement was implemented. The only exception is Uruguay's boneless beef exports, which exceeded the allotted in 2018. However, Uruguay's boneless beef exports to South Africa declined from 239 tons in 2019/20 to 72 tons in 2020/21, on the back of a COVID-19 pandemic year that slowed down imports into the country.

c) SACU-EFTA (Iceland, Lichtenstein, Norway and Switzerland) Free Trade Agreement

The 2020/21 period saw a continuation of the SACU EFTA reviews – with key issues being centred on a concession that is based on a conditional agricultural offer that involves SACU getting market access for Non-Agricultural Market Access (NAMA) products, in exchange for giving EFTA access to the SACU market for poultry, sheep

and dairy. SACU has noted the difficulty in providing EFTA market access for products such as, lamb meat, milk powder and other dairy products, given that they are regarded as sensitive.

The idea for SACU has been to identify areas of improving the agreement to get a balanced outcome, in light of the unfavourable trade balance for BeLN countries against the EFTA region.

Worth mentioning is that SACU has proposed a new "Agricultural Safeguards" Article to protect agricultural products from any possible surge from EFTA. This was also to borrow from the EU-SADC EPA approach to be consistent going forward on the new negotiations. While EFTA had initially resisted the proposal, continuous discussions have led to EFTA proposing texts in some parts of the proposal. With most of the elements agreed, the only issue outstanding are the trigger levels that will go along with the agricultural safeguard.

d) SACU-India Preferential Trade Agreement

Despite little to no progress around the SACU-India PTA, indications from government suggest that there is still momentum to resuscitate the negotiations. Internal deliberations have been based on a set of Draft Modalities for the SACU-India PTA negotiations, SACU Tariff Schedule for 2021, and the trade statistics between the two parties for the period 2017 to 2019. The objective of the modalities for tariff liberalisation is to define a set of principles, scope of liberalisation and the level of ambition, and approach to guide the negotiations between the Parties to achieve the establishment of the PTA.

e) The African Continental Free Trade Agreement (AfCFTA)

The AfCFTA Agreement was officially launched on the 1st January 2021, and SACU provided a column in the tariff book to indicate that they had domesticated the agreement. While that was symbolic, the actual operationalisation of the agreement was set to take effect on the 1st July 2021, upon completion of outstanding areas of negotiation. As widely expected, the negotiations took more time than was allocated, and there is now renewed uncertainty regarding the expected date the agreement will become operational.

At the time of drafting, the main outstanding areas of negotiation were the Rules of Origin of various product groups, including oilseeds (under Chapter 15). Submissions from industry seem to indicate an inclination towards a 60% allowance for non-originating materials, which can be phased down over a period of up to 15 years. Meanwhile, there is also consideration of applying RoO from Regional Economic Communities (RECs) where there are no agreed AfCFTA RoO (In accordance with Art 42(3) of Annex 2, as a compromise. At the time of drafting the Chairman's report, Morocco had provided a tariff offer to SACU, which was being reviewed by the industry

to identify strategic products for improved market access.

Overall, at the time of writing this report, about 86% of the Rules had been agreed upon, with 14% still outstanding – some of which are in edible oils and prepared or preserved fish. Out of 89% of the tariff book, at least 81% now have the corresponding AfCFTA Rules of Origin. From a tariff perspective, SACU's consolidated tariff offer on Category A products (targeting a 90% level of ambition) improved to 6935 tariff lines, representing 89% per cent of the tariff book. The stage at which SACU has reached with its AfCFTA trade partners suggests that the negotiations could, in all likelihood, be finalised by the end of 2021.

6.3 World Trade Organisation

a) Review of South Africa's poultry tariff structure

A meeting of the Committee on Agriculture at the WTO held in June 2021 saw Brazil raising questions on the sunset review of South African's tariff for poultry meat. Among other questions, Brazil was keen to understand the precautions South Africa is taking to ensure that its possible new tariff structure for poultry meat does not violate its WTO market access commitments. The question from Brazil came on the back of the ongoing sunset review that is at a stage of consulting and soliciting for comments from various industry stakeholders. With the indicative timeline for tariff applications and reviews taking about six (6) months, South Africa indicated that the mandated International Trade Administration Commission of South Africa (ITAC) makes recommendations based on various submissions, followed by an approval process. South Africa was unable to provide an indication of the outcome of the tariff review, given that the process was still ongoing.

b) The WTO negotiations

Domestic Support

The Facilitator led small-group process ended with a series of meetings during May 2021. At the Committee on Agriculture in Special Session (CoASS) in June, the Facilitators gave detailed feedback of the various consultations and meetings they had. The Chair of the CoASS, Ambassador Gloria Peralta of Costa Rica, also delivered her report on the talks to date. This report was circulated to ATF members on 15 July 2021.

In preparation for the 12th Ministerial Conference (MC12) scheduled for December 2021, there is a process to draft a "Decision on Agriculture" related to domestic support, which was set to be negotiated and compiled by July 2021, ahead of the MC12. To that end, a small-group process has been initiated, with the facilitators providing detailed feedback and further consultations at the Committee on Agriculture in Special Session (CoASS) in June 2021. Out of this process, two key submissions were made, namely:

- The Africa Group proposal on Disciplines on Final Bound Agricultural Measurements of Support (AMS)
  - The controversy about the Africa Group proposal is that it targets only AMS support above the de minimis and the Blue Box while leaving the de minimis and Article 6.2 untouched
  - The proposal also does not place an effective cap on the growth of trade-distorting domestic support
- The Cairns Group proposal on a Framework for Negotiations in Domestic Support
  - The weakness of the Framework proposal is that it does not exclude Article 6.2 support and that it does not specifically address historical imbalances

With both the above-mentioned proposals having their supporters and opponents alike, the hardening of positions in the discussions have led to polarisation, with no clear path to resolving the impasse for a decision at MC12. Some prominent members, including the EU and the USA, do not see a possible decision outcome in domestic support, given how far apart the positions are. At the time of drafting the report, it seems likely that a decision on domestic support at MC12 will be some form of work program to agree on the modalities for domestic support reduction in the aftermath of the Ministerial Conference.

Market Access

No progress was made under discussions on market access as WTO members prepare for MC12. Indications are pointing to "transparency related issues" being the only realistic outcome that could be achieved. Such transparency issues include a proposal on the advance notification of changes in applied tariffs and some issues related to the Tariff Rate Quota (TRQ) administration.

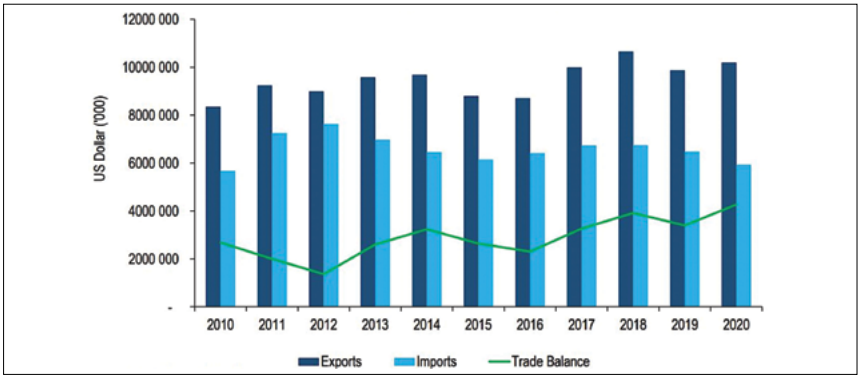
6.4 South Africa's trade performance

South Africa's agricultural exports reached US$10,2 billion in 2020, which is a 3% increase from the previous year, in a year in which most other sectors suffered significant trade declines. This is the second-largest level after the record exports of US$10,7 billion in 2018. The exports were primarily underpinned by large domestic agricultural output, which was supported by favourable weather conditions. The relatively weaker domestic currency also made South Africa's agricultural products more competitive in the global market. The top ten exportable products by value were citrus, grapes, wine, apples and pears, maize, nuts, sugar, wool and fruit juices.

South Africa recorded an agricultural trade surplus of US$773 million, as illustrated in **Figure 7**. This is up by 16% y/y, with exports having increased at a much higher rate than imports. However, the ongoing COVID-19 crisis has brought uncertainty to global trade because of disruptions in supply chains and weakening demand. As an export-

oriented, South Africa's agricultural sector is one of the sectors that was negatively affected by the pandemic, although the disruptions were comparatively minimal, given that the global agricultural and food sector has generally stayed operational.

FIGURE 9: SOUTH AFRICA'S TRADE PERFORMANCE (2001-2019)



Source: Agbiz Research (2020), ITC TradeMap (2020)

Over the same period, South Africa's agricultural imports fell by 8% year-on-year to US$5,9 billion. The decline in imports of poultry meat, sugar, spirits, sunflower oil, prepared animal feed, beer made from malt, fish, and coffee were the underlying drivers of the softer imports in 2020. This was enough to overshadow the increase of the top-three products South Africa typically imports, namely, rice, wheat and palm oil. The fall in imports, which corresponded with an increase in exports, subsequently led to a 26% year-on-year increase in South Africa's agricultural trade surplus to US$4,3 billion.

With that said, Moreover, South Africa could export 2,6 million ton of maize in the 2021/22 marketing year (this marketing year corresponds with the 2020/21 production season). This, however, would be 10% below the previous season because of an anticipated decline in Southern African demand. The rest of the Southern Africa region is typically a key importer of maize from South Africa, but there is a significant improvement in maize production across the region this year, and thus less need for South Africa's maize. These available maize export volumes are on the back of a large harvest which the Crop Estimates Committee forecasts at 16,4 million tons, the second largest on record.

From a destination point of view, the African continent and Asia were the largest markets for South Africa's agricultural exports in the second quarter of this year, accounting for 34% and 26% in value terms, respectively. The European Union was the third-largest market, taking up 21% of South Africa's agricultural exports in the second quarter of 2021. The balance of 19% of export value constitutes other regions of the world.

From a policy perspective, South Africa's export-orientated focus means that there need to be continuous improvements on logistics and an expansion of export markets to the new destination. These efforts should be well sequenced and complement the ongoing attempts of boosting domestic production through various interventions such as Master Plans. South African policymakers should prioritise these additional export markets: China, India, Saudi Arabia, and Japan. These are large and growing markets, yet South Africa still has a minimal agricultural presence. In terms of logistics, the ongoing engagements between industry and Transnet to address bottlenecks and efficiency challenges at the ports and rail are a step in the right direction of supporting further export-orientated growth in South Africa's agricultural sector.

7. TRADE COMMITTEE MATTERS

Chairman: Heiko Köster (Barnlab)
Vice-chairman: Paul du Plessis (Brisen Commodities)

7.1 Strategic focus areas

During the two Board of Directors strategic sessions held in 2019 and at a refresher Session on 30 March 2021, the following vision was agreed on and reconfirmed: ***"Dynamic animal feed thought leader influencing food security through partnerships with all stakeholders"***.

As part of the overarching strategic process ensuring AFMA trade matters are addressed to contribute towards the synergies brought to the table by the other AFMA Committees, the Strategic Focus Areas (SFAs) will remain until the matter is handled to the committee's and the AFMA Board satisfaction:

- Grain Commodity Passport system
- Dispute resolution process
- Mycotoxin levels
- Maize grading regulations
- JSE: Soya meal and sunflower seed oilcake SAFEX contract
- Location differentials
- Amendments to Requirements for Approved Storage Operators
- Leaf Services

7.2 Grain Commodity Passport system

The Trade Environment Groups of the Maize Forum Steering Committee and the Wheat Forum Steering Committee have, in principle, accepted the implementation of a Grain Commodity Passport system.

The main aim of the introduction of the system is to ensure a guarantee system that grains and oilseeds that are traded comply to the minimum food safety requirements of health regulations and are handled and treated as such throughout the process, to conform to the requirements of the envisaged guarantee.

Members of the Trade Environment Groups were requested to provide comprehensive feedback by 31 July 2020 on monitoring systems, screening processes and reasonable steps that need to be introduced to ensure due diligence in the grains and oilseeds value chain.

After a number of meetings and feedback sessions by all value chain partners during the year, it became clear that no value chain partner will be able to give the next link in the value chain a 100% guarantee of the safety of the said commodity.

From this, a proposal was tabled for discussion agreeing to a declaration system of value chain partners, each drafting a declaration confirming that the grain produced, transported, handled, stored and traded, was handled conforming to generally accepted best practices within the link for which they are responsible for. In combination, covering all value chain partners, the end-user will have the comfort of knowing the grain was handled using accepted best practices in every link of the value chain.

7.3 Dispute resolution process

A document has been drafted by AFMA and SACOTA to address procedures to be followed when grains that are unloaded by storage providers do not conform to the quality specifications agreed between seller and buyer.

The document has been discussed at both the Trade Environment Workgroups of the Maize Forum Steering Committee and Wheat Forum Steering Committee. The Trade Groups approved the paper in principle, with the provision that a device similar to the Vac-A-Sample double pneumatic sampling device will be the only sampling device to be used during the dispute resolution process.

During this process of discussing the issue of dispute resolution, the issue that goes hand-in-hand with this was again raised as a concern by Agbiz Grain who opted to revisit the Sampling Protocol again and to resubmit their views to the Trade Environment Workgroup for further discussion. The Trade Environment Workgroup however, clearly indicated that these are two different issues and processes, although closely related. This doesn't prohibit the Trade Environment Workgroup to discuss the sampling process again.

7.4 Mycotoxin levels

The Maize Trust approved the maize mycotoxin pre-processing project funding for the 6th consecutive year. Twenty AFMA feed mills are participating in this project, sending more than 150 pre-processed maize samples in three cycles to the SAGL for analysis to contribute to the mycotoxin project.

After the completion of every year's project, a comprehensive report on the mycotoxin contamination of pre-processed maize is compiled based on the project results.

AFMA will continue to support this Trust funded project and future projects that may be initiated to enable earlier detection of mycotoxin contamination to allow for a pro-active approach by members to mitigate the risks before intake of this (and other) raw materials.

The Mycotoxins Sub-Committee (SC) is taking the lead in this project and will be liaising with the AFMA Trade Committee on the matter continuously, specifically when the SC notice a potential risk/s.

7.5 Maize grading regulations

The Trade Environment Workgroup of the Maize Forum Steering Committee has made good progress with revising the definitions of defective maize kernels in the grading regulations.

Industry experts on grading agreed on the following definition – "frost-damaged" means maize kernels that were damaged by frost; characterised by more than one of the following properties:

– a dull brown discolouration from the connecting tip;
– an underdeveloped endosperm in relation to the germ; and/or
– the pericarp is blistered or flaked if signs of frost damage are present.

The Trade Environment Workgroup will also deliberate the maize grading regulations further.

7.6 JSE: Soya meal and sunflower seed oilcake SAFEX contract

The following have been finalised regarding the implementation of a JSE futures contract for South African soya meal and sunflower seed oilcake:

- Minimum contract specifications Gauteng will be the reference zone (zero basis) for both contracts as most of the crushing plants that supported the contracts are in this region. No location differentials will apply.
- A 7-day period of zero storage cost from the date of delivery on the JSE in completion of the futures contract will be implemented. Storage costs will thereafter be charged a storage fee according to a steep upward sliding scale to motivate traders or buyers to deliver to the final client. This is envisaged due to insufficient storage space at crushers as well as the shelf-life of the product.
- No re-deliveries would be allowed.
- Any origin meal and oilcake can be delivered to the JSE registered warehouses if the product meets the minimum (or better) specifications. The foreign product must, however, be stored and monitored separately.
- In the case of quality disputes, tests should be performed by an ISO 17025 accredited laboratory. If no facility is available, then a laboratory that can prove competency in an ISO 17043 proficiency scheme for the matrix and analysis will be accepted.

The progress of these contracts is, however, is hamstrung by the market to progress further due to the Crushers, as they have different perspectives or views.

Thus, the JSE need the collaboration of the Crushers to come on board and reach a consensus on the differences and agree to go forward with these contracts or not.

7.7 Location differentials

The report submitted to the JSE by Professor Matt Roberts (USA), recommended that location differentials be gradually phased in for JSE soya and sorghum futures contracts. This recommendation followed a vast process of examining the relevance of location differentials in the South African market. It has also reviewed the method of how differentials are calculated.

After much deliberation, the JSE has decided to implement the location differentials for soybeans over four years, using a phased-in approach.

Despite stakeholders' attempts to convince the JSE not to start implementing the Location Differentials and instead look at alternatives, the first cycle of four location differentials was implemented for the 2021/22 marketing year.

7.8 Amendments to Requirements for Approved Storage Operators

The JSE introduced its new JSE Agricultural Commodity Contract specifications on 25 May 2021, which should address the situation experienced the previous season.

Clause 9 of the JSE Contract Specifications clearly states "If anyone experiences any difficulties, they are advised to contact the JSE immediately regarding any, and all, out-loading issues".

7.9 Leaf Services

AFMA, as part of the grains and oilseeds value chain, has been opposing the appointment of Leaf Services by DAFF, now DALRRD, under the Agricultural Product Standards Act (APS Act), since the very beginning, after receiving notice from DAFF of its intention of appointing an assignee for such functions as stipulated in 2015.

The fact that the APS Act's Executive Officer informally acknowledged that the appointment process of Leaf Services was possibly flawed, and DAFF officially outright refusing deny or confirm this and instead choose to ignore industry, raises serious questions regarding the intention of government, in particular against the background of their Public Private Partnership (PPP) – concept, being driven by government in all engagements and cooperation with industry.

Therefore, it remains challenging to understand this stance by government, especially against the background of a PPP environment, that industry has to revert to Court to make their voice heard.

The grains and oilseeds industry value chain as a collective (industry), individual industry associations (individual value chain partners), and members of the respective industry associations, have after the publication of their fee structure by Leaf Services on 23 April 2021, in the strongest possible way opposed this appointment as an assignee for the inspection, grading and sampling of local grains and oilseeds and products thereof as indicated under the APS Act – Act 119 of 1990.

Highlights of items opposed in official letters to DALRRD and Leaf Services were:

a. No value-added and duplication of services;
b. Questionable business plan;
c. Questionable feasibility study; and
d. Incomplete and outdated Standard Operating Procedure (SOP).

After lodging opposition by all grains and oilseeds value chain partners, the partners further jointly contracted the law firm, Webber Wentzel, to lodge an official appeal against this process.

The appeal by industry has been acknowledged by DALRRD, stopping the Leaf Services process, given the appeal process outcome.

The appeal panel has been appointed, and the appeal is to start late August/beginning of September 2021.

Should the official appeal against Leaf Services' appointment not be successful, the legal counsel was instructed to file an urgent interdict against DALRRD and Leaf Services.

8. TRAINING AND SKILLS DEVELOPMENT COMMITTEE

Chairperson: Ms Sharlene Moodley (De Heus)
Vice-chairperson: Mr Alex Jenkins (Chemuniqué)

At the beginning of 2021, the executive committee members held a strategic meeting to discuss the future and vision for the Training and Skills Development Committee (TSDC). The main resolution from the meeting was the restructuring of the committee into the Operational Division and the Tertiary Division to allow accurate and efficient effort allocation to the different strategic focus areas. Additionally, in May 2021, the committee welcomed the nomination and election of Mr Alex Jenkins as its vice-chairperson.

8.1 Operational division

8.1.1 AFMA endorsed Livestock Feed Mill Operator Training Program

The AFMA endorsed learning program was launched in 2020 as an e-learning program at several feed mills. The program aims to establish the participating feed mill as a site of learning. The capacity of specific persons nominated by the feed mill is developed to act as a workplace facilitator/coach to support and evaluate the learners. Successful candidates are issued with an AFMA endorsed certificate of achievement.

The uptake of this opportunity has not met expectations. As a result, a specific initiative will be launched to market the program and address any questions related to the implementation.

Members are encouraged to enrol learners in the learning program. They can contact the AFMA office or Learning Pathways for more information.

8.1.2 Feed Miller Occupational Qualification

The current Feed Miller qualification review has been launched by AFMA with financial support from the AgriSETA. This process aims to establish the current AFMA endorsed learning program as a part qualification within the scope of the full Feed Miller qualification. It is the intention to achieve learnership status for the Feed Mill Operator Part Qualification and the Feed Miller Qualification.

8.1.3 Feed Miller Short Course

The current COVID-19 situation has made it impossible to host the Feed Miller Short course as envisaged. Therefore, the AFMA Board of Directors decided to have this course moved to next year. However, AFMA remains committed to facilitating the process to make this learning opportunity available to members as soon as the COVID environment allows.

8.1.4 AFMA / UP Research and Training Feed Mill

The unique AFMA / UP initiative of establishing the first for Research and Training Feed Mill in Africa, launched at the AFMA Forum 2020, encountered a challenge or two, apart from the difficulties brought by COVID-19, which impacted on the progress of the project.

The initial intention was that the project would have been executed on UP's Hillcrest Campus (current experimental farm), and the planning and design were done with this site in mind with its specific needs.

It was later decided that the total project would be re-located to another UP Experimental Farm – Miertjie Le Roux, adjacent to the Willem Prinsloo Museum towards Cullinan.

Amongst others, this brought about a change in scope, giving way that the project committee decided to revisit the new scope and amended specifications as well as re-drafting an new Agreement, containing the revised and terms and specifications. Given this, the design and drafting team will reconvene to assess the situation and determine whether an amendment in the project's design is needed.

Thereafter, final approval for the go-ahead will be requested from the two partners' Board and Council to get the go-ahead to take the project forward.

It was further resolved that the project's marketing, promotion, and sponsorship would be consolidated, making a more significant impact and broadening the scope of sponsors and investors.

Progress of the project will be regularly communicated and published.

8.2 Tertiary division

8.2.1 Student outreach

Every year, AFMA endeavours to host at least one student outreach seminar at a university to connect students with AFMA members as representatives of the formal work sector. Outreaches rotate between the different universities in South Africa to ensure students from across the country get the opportunity to engage and interact with individuals in the feed industry.

Due to the COVID-19 pandemic, which started in 2020, it was impossible to host a seminar last year. However, on 15 April 2021, AFMA successfully hosted this well-known event at the University of Stellenbosch. The programme consisted of four industry speakers and two video tours – one of a feed mill and one of a premix production plant. Furthermore, as a new addition to the student outreaches, a member exhibition area was created to promote the networking of students with industry. AFMA members responded positively to the invitation to exhibit, and the feedback from students and exhibitors alike was overwhelmingly positive. As a result, all future student outreach seminars will incorporate an exhibition area to allow more AFMA members to participate in these events and provide students with ample networking opportunities.

8.2.2 Student curriculum

The Training & Skills Development Committee has been requested to establish a student curriculum subcommittee (SC) to investigate and focus on bridging the perceived gap between the animal nutrition curriculum currently offered by tertiary institutions and the expected knowledge level of newly qualified individuals by industry. The need to establish an SC is the result of several interactions between AFMA and tertiary institutions.

Although AFMA realises the importance of discussing this perceived obstacle with both members of the feed industry and HOD's of the various universities, the responsibility of implementing suggestions resulting from these discussions should reside with the South African Society for Animal Science (SASAS) and the South African Council for Natural Scientific Professions (SACNASP). AFMA will, therefore, initiate and facilitate the meetings and report on progress after that. Members who can provide input from an industry perspective to increase curriculum relevance and value are invited to join this SC.

8.2.3 Student opportunities

AFMA will establish a new SC with the vision of acting as a facilitator between industry and students by ensuring continuous availability of opportunities from our members to qualified candidates for the foreseeable future. Through the numerous student outreach seminars AFMA has hosted over the past years, the most pressing need expressed by students is available opportunities to gain industry experience. The SC will be responsible for creating awareness amongst members of the various possible options they can put forward (training programmes, internships, holiday work) to allow students exposure to the feed industry. Opportunities will pertain to both the nutritional and operational components of feed production.

As an Association Partner with AGRIJOB, all AFMA members qualify to advertise any vacancies, training opportunities and internships, free of charge. The TSDC will meet at least twice a year to provide a status report and success of the project. Additionally, the SC will ensure that members remain conscious of this project and continually contribute to the career opportunity database.

8.2.4 Student nutrition poster award

Since 2014, AFMA has presented an award to the student with the best dissemination of nutritional knowledge through a poster presentation at the annual SASAS congress to recognise excellence among animal nutrition graduates. An expert panel judges all posters presented at the congress based on pre-set and approved criteria. The 52nd annual SASAS Congress could not take place in July 2020 as scheduled but was postponed to August 2021. Due to COVID-19 regulations, the congress took place virtually, and all posters submitted were bound in an electronic congress poster book. A total of 17 posters were published in the animal nutrition category for 2021. AFMA is proud to have awarded Sarah Harrison from the University of Pretoria the Best Student Nutrition Poster for 2021, titled *An in vitro comparison of buffers used in ruminant diets*.

9. TECHNICAL COMMITTEE

Chairperson: Dr Francois van de Vyver (Voermol)
Vice-chairperson: Ms Chantelle Fryer (Evonik)

In alignment with the AFMA strategy, the Technical Committee (TC) has four strategic focus areas (SFA's) - Feed safety, Ingredient quality, Nutritional standards, and Feed analysis. All projects accepted by the TC fall under these SFA's to align with the AFMA strategy to continuously pursue safe feed and, ultimately, safe food production. This can be achieved by focussing on animal nutrition and ensuring safe feeding practices and principles are followed.

9.1 Feed Safety - Contaminants

9.1.1 Salmonella

The AFMA Salmonella monitoring programme was initiated in July 2005 and has continuously grown in the number of AFMA members participating by voluntarily submitting their Salmonella data to the online database. Currently, the participants consist of 43 full members and five associate members. The database has almost 100 000 laboratory results taken from raw materials, finished products, and environmental and personnel samples. This monitoring programme is part of regular quality control done by AFMA members as Salmonella contamination can occur anywhere within the feed production process. Every quarter, the pooled results are evaluated by a technical subcommittee and presented at the relevant TC meeting to inform members of industry tendencies. Monitoring and reporting allow a proactive approach to stay informed of Salmonella trends. All participating companies receive the full quarterly report as part of the participation agreement. The AFMA TC continuously emphasises the importance of this monitoring programme and encourages as many members as possible to participate.

9.1.2 Mycotoxins

a) Pre-processing maize mycotoxin project

The Maize Trust approved funding for the 6th year of the maize mycotoxin pre-processing project. 20 AFMA feed mills participated in this project, sending more than 150 pre-processed maize samples in 3 cycles to the SAGL for analysis to contribute to the mycotoxin project. After every project year, a comprehensive report on the mycotoxin contamination of pre-processed maize is compiled based on the project results. AFMA will continue to support this Trust funded project and future projects that may be initiated to enable earlier detection of mycotoxin contamination to allow for a pro-active approach by members to mitigate the risks before intake of this (and other) raw materials.

b) Total mould count guideline

In July 2020, AFMA submitted a technical recommendation to the Registrar

of Act 36 to remove the requirement for total mould count for animal feed and feed ingredients in South Africa from the regulations. This recommendation is based on discrepancies observed with global requirements and literature research and scientific information provided on mould count requirements for livestock feed and ingredients. The mycotoxin subcommittee compiled a guideline in anticipation of the removal of total mould and yeast counts in the regulations. It is aligned with global guidance values, categorising the total mould and yeast count into safe, risk, and actionable levels in finished feeds. The AFMA Technical Committee approved the guideline, and in February 2021, it was published on the AFMA website. The guideline is available from the following link:
https://www.afma.co.za/download/guidance-values-for-total-mould-and-yeast-counts-in-animal-feed/?wpdmdl=9810&refresh=602b7fbc5d6fc1613463484

c) Mycotoxin monitoring survey

The Technical Committee submitted a technical recommendation regarding mycotoxins in farm feed for an amendment to the regulations for undesirable substances. They concluded that Aflatoxins should be regulated in animal feeds and feed ingredients in South Africa, and guidance values should manage all other mycotoxins for the industry in future. This proposal is in alignment with global regulation, good practice, and scientific evidence.

A mycotoxin monitoring survey amongst AFMA members was actioned as the next step towards industry guidance values. The Mycotoxin subcommittee compiled a survey to determine whether existing mycotoxin data from members (analysis results over the last five years) can contribute to the initiation of a South African national mycotoxin database and the role that an AFMA monitoring programme can play to achieve the overall purpose of improved regulation of mycotoxins in farm feed. Published guidance values will encourage a pro-active approach by industry through guidance and action levels for all non-regulated mycotoxins. Members completed the survey, and the committee is processing the results to determine the way forward.

9.1.3 Dioxins & PCBs

AFMA hosts a dioxins and PCB's database consisting of dioxin analyses and PCB screening results from complete feed and raw materials submitted voluntarily by AFMA members. Annually, the data is pooled and reviewed by the Dioxins & PCBs subcommittee and presented at a Technical Committee Meeting. This year, an increased number of analysis results were submitted, and the database (January 2016 to March 2021) consist of a total of 190 quantitatively analysed samples and 827 samples screened for PCB's. A new category for feed additive data was also added to the database. Members are encouraged to monitor these undesirable substances in high-risk feed ingredients continuously, and compound feeds to ensure that feed produced by AFMA members is safe.

9.2 Feed Safety - Antimicrobials

9.2.1 Medicated Feed

A new subcommittee on Medicated Feed was established in the Technical Committee in anticipation of the growing focus on antimicrobial resistance, veterinary medicine and stock remedies in farm feed and the potential carry-over thereof in unintended feeds. During this period, the Medicated Feed subcommittee called on industry experts to assist in the assessment of the DALRRDs newly proposed classification of stock remedies, as published for public comment on 6 November 2020. The project was conducted in conjunction with the AFMA Regulatory Committee, and the first action was to request an extension from the Registrar, regarding response to the proposed regulations. The request was granted, and the committee evaluated all member comments submitted to AFMA and consulted with other stakeholders on the matter. An official feed industry response was drafted and submitted to the Registrar in March 2021, which supports the responsible use of antimicrobials for food-producing animals to address antimicrobial resistance (AMR). The response highlighted various concerns, including the new proposed classification of stock remedies, the lack of science-based evidence to support the proposal, the timeline, practical implementation and control measures of the new regulations, and the lack of socio-economic impact assessment studies. The response concluded that AFMA could not support the proposed classification in its current form. No response has yet been received from the Registrars' office on the public comments submitted regarding the new classification of stock remedies in the stock remedy regulations.

9.3 Feed Ingredient Quality

9.3.1 Hominy Chop

In 2013 the Registrar of feeds indicated his intent to regulate hominy chop for the first time since 1984. At the time, the moisture specification was set at a maximum of 13% for this by-product of the maize-milling industry. However, due to the maize milling industry's adoption of a wet-milling process, the maximum moisture of hominy chop available in the market proved to be much higher. Therefore, after a meeting held between DALRRD (Department of Land Reform and Rural Development), AFMA and the NCM (National Chamber of Milling), it was resolved that AFMA will provide a technical recommendation in support of a maximum moisture level and a shelf-life duration which will support the safe use and storage of hominy chop as a registered feed ingredient.

After five years, all preliminary trials were concluded, and AFMA conducted consultations with the South African Feedlot Association (SAFA), a technical recommendation was drafted. AFMA and SAFA, as significant users of hominy chop in South Africa, supports the recommendation, and it was submitted to the Registrar in July 2021. The recommendation includes a proposal for two (2) types of hominy chop to be registered as a raw material for use in animal feed under Act 36 of 1947:

a High moisture hominy chop (15.5% moisture max, 11% fat max, 0.02ppm Aflatoxin B1 max; inclusion of registered antioxidant; warning to feed within 14 days); and a Hominy chop (13% moisture max, 11% fat max and 0.02ppm max Aflatoxin B1). The Registrar has acknowledged receipt and is currently assessing the industry recommendation for adoption and incorporation in the regulation of hominy chop as raw material.

9.4 Nutritional Standards and Guidelines

The biggest project of the Technical Committee is the revision and update of the existing nutrient specifications for all farm feeds as published in the Farm Feed Guidelines of Act 36. New product- and manufacturing technologies have necessitated a review of the current specifications to encourage growth and innovation in the South African market and align with global standards. To date, the revised specifications for pig- and poultry feed has been concluded, and the specifications for dairy-, beef-, sheep-, horse-, ostrich- and speciality feeds are being finalised by expert technical working groups. Some of the proposed changes in the specifications could impact the maximum allowable heavy metal (Cu and Zn) level for specific feeds and changes to the classes and categories of farm feed, including a new proposed category for game feed. The project is expected to conclude by the end of 2021 and aims to provide the Registrar with an updated, peer-reviewed nutrient specification framework for all farm feeds. In addition, the AFMA Regulatory Committee will address the implication of the technical recommendation on the guaranteed analysis of specific feeds and other classification tables in the regulations for farm feeds.

9.5 Feed Analysis

During this period, a newly established Laboratory analyses subcommittee reviewed and updated the AFMA Sampling protocol (2006). The new Sampling guideline for animal feed and ingredients was published on the AFMA website in July 2021 and can be accessed via the following link:
https://www.afma.co.za/download/sampling-guideline-for-animal-feed-and-ingredients/?wpdmdl=10170&refresh=610bb6fb5a1481628157691

10. REGULATORY COMMITTEE MATTERS

Chairman: Ms Liza Burger (Afgri Animal Feeds)
Vice-chairman: Ms Marlien de Kock (Animate Animal Health)

The Regulatory Committee (RC) hosted four (4) quarterly meetings throughout the year and adapted well to the new virtual environment. As a result, more AFMA members can now attend regulatory meetings and stay informed of matters impacting their feed manufacturing business during these changing times. In the future, virtual access to all RC meetings will remain an option for AFMA members. In addition, feedback on the projects and actions conducted by the RC during this period are reported in terms of its strategic focus areas, namely the animal feed regulatory framework and industry self-regulation mechanisms.

10.1 Animal feed regulatory framework

10.1.1 Animal Feed Forum (AFF)

The Animal Feed Forum (AFF) is the recognised liaison platform between the animal feed industry and the Department of Land Reform and Rural Development (DALRRD) and has managed to meet quarterly as scheduled during the past year. With the resignation of the most senior technical advisor in the farm feed division in November 2020, the already short-staffed division struggled to provide the minimum service delivery in terms of the registration and renewal of farm feeds. Progress on implementing new legislation such as the farm feed regulation amendment and the Feeds and Pet Food Bill was also affected by the loss of expertise from DALRRD. COVID-19 still played a significant role during this year. However, it resulted in a drastic increase in the amount of 'down-time' at Agriculture Place due to mandatory sanitation and temporary closure of the building. For the majority of the year, the farm feeds division operated with only one Technical advisor (TA) and one assistant TA to technically assess all farm feed registration applications. These factors all contributed to an increased backlog of registrations and renewals of farm feed and a reduced level of communication to registration holders to keep them informed.

Being aware of the challenging situation, the Registrar of feeds has tabled some intervention actions to address the matter. This included a ministerial approval to appoint external technical evaluators to assist DALRRD with the backlogged applications, a proposal to change the regulation in terms of minor administrative amendments and advertisements that will reduce unnecessary burden on technical advisors in the future, and a special allowance for administrative overtime to finalize the outstanding renewal applications of March 2021. In addition, the Act 36 registration working group was reinstated by the Registrar this year as the preferred vehicle for farm feeds to discuss and find solutions for the backlog. AFMA and PFI are directly involved in the liaison working group. They will use this platform to address the industry's major areas of concern and cooperate to improve the registration system for farm feeds. The liaison working group also provides input to the Advisory Panel of Experts (APE) of the Strategic Agricultural Inputs Forum (SAIF) to table matters that require assistance from the strategic platform. See Chapter 8 for more information on SAIF liaison activities and their role in addressing the limitations of service delivery of agricultural inputs from a strategic perspective.

10.1.2 Farm feeds registration under Act 36 of 1947

The Regulatory committee initiated an Advisory committee for feed regulation (ADCOM-FR) to provide unique input and advice on the regulation of farm feeds, including the registration and renewal thereof. Quarterly registration status reports are presented by DALRRD during the AFF meetings and are discussed with the industry at the AFMA Regulatory committee meetings. Based on the challenges within DALRRD, as mentioned in the previous section, it was expected to see the registration backlog

increase steadily during the last year. In addition, the renewals of feed registrations are also severely backlogged, which impacts feed manufacturers, importers, and feed business owners in South Africa significantly.

The ADCOM-FR has identified a need to improve the registration submission process so that pre-screening is prioritised, acknowledgements of receipt are automated, and registration certificates can be printed. These areas of focus will improve the accuracy of dossiers in the system and the registration certificates received. It will also enhance the communication with registration holders and the overall efficiency of the system. The ADCOM-FR also participated in the intervention action regarding the advertising of farm feed, and in collaboration with the PFI, has drafted a proposal to accommodate the new requirements for advertising of farm feed. If adopted, feed business owners will be able to advertise registered farm feed according to prescribed conditions without waiting for approval from the Registrar.

10.1.3 Act 36 Regulations and Guidelines

The Registrar intends to amend the regulations for farm feed and has first published it for public comment in 2018. Thereafter, he received numerous comments from stakeholders, technical recommendations from AFMA and PFI, and have introduced specific intervention actions – all of which necessitate a consolidated final regulation amendment to be published. The Registrar has further prioritised this action for 2021, and AFMA & PFI will assist where possible to encourage the implementation of revised regulations for farm feed. The new regulations should consolidate the following proposed changes:

- Adopted public comments from 2018;
- Amended tolerance levels for some undesirable substances (mycotoxins), and the removal of others (mould);
- New proposed tolerance levels for carry-over of veterinary medicine to non-target species feed;
- Reference to allowable claims for livestock feed and pet food;
- New advertising requirements; and
- Revised nutrient guarantees for particular farm feeds based on the latest research.

The AFMA Technical committee is currently finalising a complete revision of all registered farm feeds nutrient guidelines (see section 9 in this report) and, in a joint project with the Regulatory Committee, will submit a recommendation to the Registrar for an amendment to the farm feed regulations. These recommendations will make provision for the development and marketing of innovative animal feed using the latest available technologies and encourage a globally competitive industry.

10.1.4 National Standards (SABS)

AFMA is a permanent member of the SABS Scientific Committees dealing with animal

feed (TC034/SC10) and pet food (TC034/SC13). The national standards included in the scope of work of these committees includes:

- SANS 489:2009 – Good manufacturing practice in the animal feed industry
- SANS 898:2011 – Good manufacturing practice for the self-mixing of feed in the animal industry
- SANS 909:2018 – Pet food nutritional & manufacturing requirements
- SANS 2235:2019 – Raw pet food

Both committees convened for their annual meeting during this period, and the GMP standard (SANS489) has been re-affirmed.

10.1.5 Feeds and Pet Food Bill

For most of the year, the Department has made little progress on the Feeds and Pet Food Bill. Still, towards the end of the period, the Registrar announced a decision by DALRRD Management to task Agbiz to facilitate the process to move forward. It is expected that Agbiz will host a stakeholder meeting to discuss progress thus far and to identify the steps needed for publication and implementation of the bill. In addition, limiting capacity at the registrars' office to address legislative changes will necessitate a more extensive input from the industry to support the implementation of a new feed and pet food bill.

10.1.6 Industry self-regulation

Industry co-operation with the government in managing risks in the feed chain is becoming more evident in South Africa, as is the occurrence globally. Protecting the borders and ports of entry remains a priority focus for government, and industry can co-operate by demonstrating tight controls and high alert on risks in the local manufacturing environment. AFMA has established various mechanisms to provide a robust platform for self-regulation and keep members informed of potential risks to their business and the health and well-being of the animals they feed.

10.1.7 Inspection Compliance Forum (ICF)

During the year, the Inspection Services of Act 36 hosted quarterly liaison meetings with industry associations of the animal feed, pet food, fertilizers, agricultural remedy, and stock remedy industries. The procurement of additional vehicles for inspectors has boosted the percentage of target inspections that the division could achieve. Focus remains on the illegal importation and distribution of unregistered high-risk pesticides and other agricultural remedies that may be harmful to people and the environment when unregulated. Inspection services are actively involved with various municipalities in awareness campaigns regarding the dangers of these illegal activities. The Department's target for routine annual inspections of manufacturing facilities to confirm compliance to regulations is not yet met, and co-operation from industry will be needed to implement self-regulating systems and encourage a risk-managed animal feed supply to the food chain.

10.1.8 AFMA Code of Conduct

For the first part of the reporting period during 2020, only new members wanting to join AFMA was required to verify compliance to the twelve (12) criteria of the AFMA Code of Conduct through third-party auditing. Existing members were requested to conduct internal audits during this time to maintain the level of compliance achieved previously and to support the manufacturing of safe feed for safe food. However, during the latter part of the reporting period, the environment for facility audits improved in South Africa. Therefore, the decision was made to resume all audits to verify compliance with the AFMA Code of Conduct. This year, AFMA has updated its online application process for new members and initiated a new online application process for the renewal of membership for existing members.

The process provides for improved member administration and a transparent system for managing third-party audits as verification of compliance to the AFMA Code of Conduct. The ability of AFMA to demonstrate an independent and transparent management system for the auditing of manufacturing facilities, together with a documented non-compliance and complaint procedure, are critical elements in achieving the overall goal of acknowledgement by Act 36 for the industry self-regulatory mechanism. The advisory committee for the Code of Conduct (ADCOM-COC) will continue to provide guidance and input on the modernization of the audit scope & criteria, and once finalised and approved, the updated version will be adopted and gradually implemented by the appointed assessment service providers.

10.1.9 AFMA Transport Protocol

The AFMA Transport Protocol is adapted from the GMP standard for road transport in the animal feed sector. It provides a measure of risk management to the feed manufacturer when evaluating the use of transporters and stored raw materials. AFMA members have been introducing the Transport protocol to their transport service providers since 2013. They have encouraged their participation to promote the safe and responsible transport of feed materials for use in animal feed. Currently, eleven (11) transporters are listed on the AFMA website that has verified compliance with the AFMA Transport Protocol.

10.1.10 Early Warning System

The Early Warning System (EWS) protocol was developed by AFMA in 2009 and enables the early detection and reporting of irregularities in raw materials and ingredients used in animal feed. The protocol provides the necessary steps for a rapid response to alerts and efficient communication throughout the animal production chain. It aims to prevent or limit harmful consequences for animals, the environment, and the consumer of animal products. However, the EWS has not been triggered during the last year. Therefore, the Regulatory Committee is tasked with creating awareness of the self-regulatory mechanism as a proactive measure and demonstrating industry readiness in risk management.

11. FEED MANUFACTURING

11.1 Raw material costs

The domestic grain and oilseed commodity outlook is discussed in detail in section 4.5 of this report.

11.2 Raw material utilisation in 2020/21 by AFMA members

Table 1 indicates the raw material usage and inclusion rates from 2016/17 to 2020/21.

The average inclusion rates for the various raw materials are shown as a percentage of total feed sales. They generally reconcile to an inclusion rate of higher than 95%, allowing for possible milling losses due to breakdowns, spillages and raw material that cannot be reworked. It must be noted that not all raw materials are used in all compound feeds. The inclusion rates of different raw materials vary from formulation to formulation, as well as between different species.

TABLE 1: RAW MATERIAL USAGE (APRIL 2016 TO MARCH 2021) – AFMA MEMBERS (TONS)

Raw material	TOTAL (T)	Incl. rate	TOTAL (T)	Incl. rate	TOTAL (T)	Incl. rate	TOTAL (T)	Incl. rate	TOTAL (T)	Incl. rate
	2016/2017	2016/2017	2017/2018	2017/2018	2018/2019	2018/2019	2019/2020	2019/2020	2020/2021	2020/2021
Bagasse	67 235	1,04%	79 989	1,26%	80 862	1,22%	73 123	1,10%	73 943	1,11%
Barley (All)	4 896	0,08%	2 519	0,04%	2 070	0,03%	4 556	0,07%	41 067	0,62%
Bicarbonate of soda	7 639	0,12%	6 652	0,10%	7 612	0,11%	8 327	0,13%	7 989	0,12%
Blended oil	28 902	0,45%	35 587	0,56%	41 515	0,62%	49 456	0,74%	50 080	0,75%
Blood meal	8 604	0,13%	12 517	0,20%	13 405	0,20%	12 293	0,19%	9 220	0,14%
Brewers grain	5 775	0,09%	5 522	0,09%	3 579	0,05%	4 234	0,06%	4 391	0,07%
Canola fullfat	713	0,01%	2 958	0,05%	767	0,01%	750	0,01%	975	0,01%
Canola oilcake	37 902	0,59%	32 121	0,51%	28 161	0,42%	27 618	0,42%	30 252	0,46%
Carcass meal	9 490	0,15%	10 012	0,16%	8 781	0,13%	2 732	0,04%	3 915	0,06%
Citrus meal	1 702	0,03%	488	0,01%	649	0,01%	1 596	0,02%	1 179	0,02%
CMS	7 980	0,12%	5 405	0,09%	9 002	0,14%	9 235	0,14%	8 409	0,13%
Cottonseed oilcake	9 245	0,14%	8 188	0,13%	3 766	0,06%	1 475	0,02%	2 449	0,04%
Cotton seed	9 852	0,15%	9 572	0,15%	10 104	0,15%	9 769	0,15%	8 732	0,13%
Defatted maize germ meal	6 432	0,10%	7 882	0,12%	11 736	0,18%	12 083	0,18%	15 364	0,23%
Fat	4 431	0,07%	3 075	0,05%	2 948	0,04%	3 960	0,06%	3 231	0,05%
Feather meal	21 318	0,33%	21 496	0,34%	20 316	0,31%	16 757	0,25%	17 959	0,27%
Feed wheat	2 760	0,04%	4 679	0,07%	2 446	0,04%	11 224	0,17%	6 489	0,10%
Fish meal	12 677	0,20%	12 204	0,19%	13 513	0,20%	18 453	0,28%	18 955	0,29%
Groundnut oilcake	273	0,00%	0	0,00%	2	0,00%	55	0,00%	44	0,00%
Hominy chop	123 745	1,91%	141 077	2,22%	121 793	1,83%	108 315	1,63%	106 582	1,60%
Limestone grit	79 502	1,23%	74 795	1,18%	79 681	1,20%	84 521	1,27%	93 210	1,40%
Limestone powder	110 924	1,71%	112 136	1,76%	117 566	1,77%	119 381	1,80%	108 903	1,64%
Lucerne hay	55 204	0,85%	46 998	0,74%	43 465	0,65%	34 815	0,52%	21 440	0,32%
Lucern meal	20 175	0,31%	23 853	0,38%	31 899	0,48%	33 752	0,51%	25 366	0,38%
Lupin meal		0,00%		0,00%	100	0,00%	238	0,00%	164	0,00%
Lysine	10 509	0,16%	8 784	0,14%	9 211	0,14%	10 740	0,16%	11 946	0,18%
Maize	3 136 112	48,42%	3 022 919	47,57%	3 063 498	46,10%	3 118 338	46,93%	3 224 162	48,52%
Maize germ meal	12 690	0,20%	14 649	0,23%	12 080	0,18%	13 355	0,20%	14 151	0,21%
Maize germ oilcake	453	0,01%	1 186	0,02%	4 752	0,07%	3 753	0,06%	4 186	0,06%
Maize gluten feed (20%)	45 797	0,71%	48 665	0,77%	57 273	0,86%	57 656	0,87%	53 295	0,80%
Maize gluten feed (60%)	16 653	0,26%	16 957	0,27%	18 938	0,29%	13 974	0,21%	11 549	0,17%
Maize meal	1 627	0,03%	14 312	0,23%	26 679	0,40%	33 443	0,50%	12 122	0,18%
Maize screenings	20 411	0,32%	12 033	0,19%	9 600	0,14%	8 776	0,13%	8 787	0,13%

TABLE 1: RAW MATERIAL USAGE (APRIL 206 TO MARCH 2021) – AFMA MEMBERS (TONS) (CONTINUED)										
Raw material	**TOTAL (T)**	**Incl. rate**	**TOTAL (T)**	**Incl. rate**	**TOTAL (T)**	**Incl. rate**	**TOTAL (T)**	**Incl. rate**	**TOTAL (T)**	**Incl. rate**
	2016/2017	**2016/2017**	**2017/2018**	**2017/2018**	**2018/2019**	**2018/2019**	**2019/2020**	**2019/2020**	**2020/2021**	**2020/2021**
Meat & bone meal	2 264	0,03%	552	0,01%	210	0,00%	167	0,00%	94	0,00%
Medicaments	14 102	0,22%	14 717	0,23%	25 559	0,38%	21 063	0,32%	17 291	0,26%
Methionine	9 184	0,14%	8 176	0,13%	8 149	0,12%	8 635	0,13%	9 502	0,14%
Molasses	422 547	6,52%	426 015	6,70%	445 092	6,70%	441 672	6,65%	468 441	7,05%
Monocalcium phosphate	43 847	0,68%	43 535	0,69%	41 970	0,63%	34 266	0,52%	35 233	0,53%
Oats		0,00%		0,00%	6 737	0,10%	5 187	0,08%	5 382	0,08%
Other: Raw materials	127 602	1,97%	74 883	1,18%	114 219	1,72%	115 007	1,73%	74 853	1,13%
Palm kernel oilcake	9 882	0,15%	8 061	0,13%	5 378	0,08%	5 398	0,08%	5 019	0,08%
Plant oil	19 994	0,31%	16 727	0,26%	13 144	0,20%	31 659	0,48%	29 111	0,44%
Poultry by-product	68 614	1,06%	65 752	1,03%	59 289	0,89%	51 091	0,77%	51 542	0,78%
Remix		0,00%		0,00%	4 980	0,07%	2 715	0,04%	12 534	0,19%
Rice		0,00%		0,00%	315	0,00%	173	0,00%	381	0,01%
Rice Bran		0,00%		0,00%	3 590	0,05%	2 288	0,03%	1 319	0,02%
Salt	51 722	0,80%	55 170	0,87%	60 706	0,91%	54 348	0,82%	53 724	0,81%
Shell grit		0,00%		0,00%	647	0,01%	811	0,01%	1 848	0,03%
Sorghum	4 633	0,07%	4 679	0,07%	5 064	0,08%	1 516	0,02%	1 252	0,02%
Soya fullfat	59 317	0,92%	114 839	1,81%	162 473	2,45%	130 993	1,97%	118 865	1,79%
Soybean hulls		0,00%		0,00%	15 002	0,23%	19 417	0,29%	16 425	0,25%
Soya oilcake	891 467	13,76%	861 981	13,57%	872 729	13,13%	950 175	14,30%	971 502	14,62%
Soya seed		0,00%		0,00%	939	0,01%	939	0,01%	1 535	0,02%
Sunflower hulls	2 966	0,05%	5 761	0,09%	15 451	0,23%	15 805	0,24%	15 950	0,24%
Sunflower seed					164	0,00%	134	0,00%	155	0,00%
Sunflower oilcake	299 357	4,62%	314 930	4,96%	293 752	4,42%	269 917	4,06%	270 072	4,06%
Sterilized poultry manure		0,00%		0,00%	2	0,00%	0	0,00%	0	0,00%
Threonine		0,00%		0,00%	2 202	0,03%	2 462	0,04%	3 129	0,05%
Triticale	0	0,00%	0	0,00%	14	0,00%	1	0,00%	0	0,00%
Urea	22 913	0,35%	25 818	0,41%	27 892	0,42%	25 177	0,38%	24 212	0,36%
Vit & min premixes	33 534	0,52%	38 136	0,60%	41 288	0,62%	48 940	0,74%	54 070	0,81%
Water		0,00%		0,00%	9 624	0,14%	12 052	0,18%	0	0,00%
Wheat		0,00%		0,00%	991	0,01%	3 295	0,05%	2 267	0,03%
Wheaten bran & flour	424 708	6,56%	408 752	6,43%	463 623	6,98%	437 481	6,58%	464 408	6,99%
Wheaten straw	10 575	0,16%	9 293	0,15%	8 111	0,12%	11 955	0,18%	9 409	0,14%
TOTAL	**6 400 966**	**98,83%**	**6 297 007**	**99,10%**	**6 567 080**	**98,83%**	**6 613 497**	**98,36%**	**6 720 036**	**99,49%**
Feed sales for the period	**6 476 509**	**-6,3%**	**6 354 318**	**-1,9%**	**6 644 647**	**4,6%**	**6 723 822**	**1,2%**	**6 754 342**	**0,5%**

11.2.1 Oilcakes and fishmeal

The details of oilcake and fishmeal consumption by AFMA members during the period 1 April 2016 to 31 March 2021 are shown in **Table 2**.

TABLE 2: OILCAKE AND FISHMEAL USAGE BY AFMA MEMBERS: 1 APRIL 2016 TO 31 MARCH 2021 (TONS)										
Oilcake	**2016/2017**	**% Inc**	**2017/2018**	**% Inc**	**2018/2019**	**% Inc**	**2019/2020**	**% Inc**	**2020/2021**	**% Inc**
Soya*	953 750	14,73%	960 974	15,12%	1 051 143	15,82%	1 082 107	16,09%	1 090 367	16,14%
Sunflower	308 353	4,76%	313 912	4,94%	309 367	4,66%	270 051	4,02%	270 227	4,00%
Cottonseed**	19 097	0,29%	17 761	0,28%	13 870	0,21%	11 244	0,17%	11 181	0,17%
Groundnuts	1 489	0,02%	0	0,00%	2	0,00%	55	0,00%	44	0,00%
Canola***	38 615	0,60%	31 224	0,49%	28 928	0,44%	28 368	0,42%	31 227	0,46%
Copra; Palm & Lupin	15 756	0,24%	8 061	0,13%	5 478	0,08%	5 636	0,08%	5 183	0,08%
TOTAL	**1 337 060**	**20,64%**	**1 331 932**	**20,96%**	**1 408 788**	**21,20%**	**1 397 461**	**20,78%**	**1 408 229**	**20,85%**
Fish meal	12 676	0,20%	12 205	0,19%	13 513	0,20%	18 453	0,27%	18 955	0,28%
Animal Feed Sales	6 476 933		6 354 318		6 644 647		6 723 822		6 754 324	

* *Including soya oilcake and full fat soya*
** *Including oilcake and full fat cotton*
*** *Including full fat canola*

TABLE 2.1: USAGE OF MAIZE PRODUCTS BY AFMA MEMBERS: 1 APRIL 2016 TO 31 MARCH 2021 (TONS)										
	2016/2017	% Inc.	2017/2018	% Inc.	2018/2019	% Inc.	2019/2020	% Inc.	2020/2021	% Inc.
Maize (incl. maize meal)	3 136 112	48,42%	3 037 231	47,80%	3 090 178	46,51%	3 151 780	46,87%	3 236 284	47,91%
Maize gluten feed (20%)	45 797	0,71%	48 665	0,77%	57 273	0,86%	57 656	0,86%	53 295	0,79%
Maize gluten feed (60%)	16 653	0,26%	16 957	0,27%	18 938	0,29%	13 974	0,21%	11 549	0,17%
Maize screenings	20 411	0,32%	12 033	0,19%	9 600	0,14%	8 776	0,13%	8 787	0,13%
Maize germ meal	12 690	0,20%	14 649	0,23%	12 080	0,18%	13 355	0,20%	14 151	0,21%
Defatted maize germ meal	6 432	0,10%	7 882	0,12%	11 736	0,18%	12 083	0,18%	15 364	0,23%
Maize germ oilcake	453	0,01%	1 186	0,02%	4 752	0,07%	3 753	0,06%	4 186	0,06%
Hominy chop/Germ meal	123 745	1,91%	141 077	2,22%	121 793	1,83%	108 315	1,61%	106 582	1,58%
TOTAL	**3 362 293**	**51,91%**	**3 279 680**	**51,61%**	**3 326 350**	**50,06%**	**3 369 692**	**50,12%**	**3 450 198**	**51,08%**
Total feed production (tons)	**6 476 933**		**6 354 318**		**6 644 647**		**6 723 822**		**6 754 342**	

Although fishmeal's availability fluctuates over the years, and in most cases in short supply, **Table 2** indicates how it was utilised over the last five years (AFMA members included). The use of fishmeal is determined by its availability, product mix, and price compared to other available protein sources. Fish meal used showed a further increase to 18 955 tons in 2020/21 after lower levels in 2016/17 and 2017/18.

Soya oilcake and full-fat soya consumption remained stable, increasing slightly to 1 090 367 tons from the 1 082 107 tons consumed in 2019/20. This is a testimony of flat market conditions, which show a static to the prolonged positive movement towards recovery.

Activity in the poultry industry, however, has begun stabilising since last reported. Since 2018/19, all stakeholders (i.e. industry, the government, labour, independent producers and importers and exporters), in the SA Poultry Sector developed and reached consensus on a SA Poultry Sector Master Plan which was signed into force in November 2019. In addition to the Master Plan, the government finally approved the trade remedies applied for by SAPA, protecting the poultry industry from the impact of the dumping of excess product in the SA market by the EU and Brazil.

Despite having a lag, initial results are slowly starting to show after the implementation of parts of the SA Poultry Sector Master Plan. Total chicken feed sales y/y increased by 2.7% to 4 360 530 tons, broiler feed increased y/y by 3.8% to 3 369 598 tons, while layer feed sales dropped off by 0.8% to 990 932 tons. This are positive signs, however, the effect of Avian Influenza (AI) and other challenges can never be left out of the equation.

Dairy, beef and sheep diets showed a decrease in sales most likely due to good rains received in large parts of the summer rainfall areas, giving the producer more options on farm. In the case of beef this is evident from the increased beef finisher concentrates sales. Dairy producers experienced a cost squeeze between milk process received from dairy processors and higher feed process.

South African agriculture still deals with the anomaly annually with some parts of the summer rainfalls areas receiving good spells of rain, while other parts in the country doesn't received any rain in years. In areas not receiving rain, drought feed had to be given and animal numbers had to be kept to an economic viable level, keeping the animals on farm. Should feeding cost become too high these animals are slaughtered, or sent to abattoirs, keeping the rebuilding of heard sizes as work in progress and not back to levels before the worst drought.

Sunflower oilcake utilisation increased slightly to 270 227 tons in 2020/21, underlining the recovery in the beef and sheep market, while soya showed a slight increase as the poultry industry shows signs of recovery.

11.3 Raw materials available to the feed industry: 2020/21

11.3.1 Oilcakes

The production of oilseeds and oilcake during the 2019/20 production season and the volumes available during the 2020/21 marketing season, are shown in **Table 3**. Information on imports is supplied in **Table 3.1**, while **Tables 3.2** and **3.3** contain summaries of the available oilcake.

TABLE 3: LOCAL OILCAKE AVAILABLE FOR MARKETING – 1 APRIL 2020 TO 31 MARCH 2021 (MARKETING SEASON) (TONS)

Description	Total crop 2019/2020	Available for crushing	Conversion rate (seed)%	Oilcake 2020/2021
Sunflower [1,2]	788 500	861 041	42%	361 637
Groundnut [1,2]	50 080	590	54%	316
Soya [1,2]	1 245 500	1 215 916	80%	972 733
- Full fat [2]	-	140 502	80%	112 402
Cotton [3]	134 230	-	50%	-
- Full fat [4]		46 789	50%	23 394
Canola [1,2]	148 456	91 237	55%	50 180
- Full fat [4]	-	2 142	55%	1 178
Lupins – Full fat [1]	18 000	16 800	100%	16 800
TOTAL LOCAL OILCAKE		**2 375 017**		**1 538 640**

Sources:

1. *National Crop Estimates Committee – 26 November 2020*
2. *SAGIS – Monthly reports (Jan-Dec '19; Jan-Mar '20; Jan-Mar '21; Oct '19-Sept' 20)*
3. *Cotton SA. These figures include seed that entered the country from Swaziland as lint for processing. Crushed product also includes seed from SADC Countries. (Website: www.cottonsa.org.za) .*
4. *Full fat used for feeds according to SAGIS, Cotton SA and Cotton Seed Processors.*

TABLE 3.1: OILCAKE IMPORTS – 1 APRIL 2020 TO 31 MARCH 2021 (TONS)			
Cake / Seed	**Tons seed + oilcake**	**Conversion rate**	**Oilcake 2020/2021**
Sunflower oilcake *	13 007	100%	13 007
Sunflower seed *	863	42%	362
Groundnut oilcake *	5	100%	5
Soya oilcake *	455 947	100%	455 947
Soya beans *	67 967	80%	54 374
Cotton oilcake *	40 813	100%	40 813
Cotton seed	13 549	50%	6 775
Other seeds *	89	50%	45
Other oilcakes *	7 298	100%	7 298
TOTAL IMPORTS	**599 538**		**578 625**
Local Production (Ex Table 3)			**1 538 640**
GRAND TOTAL – Table 3 + 3.1			**2 117 265**

Sources:
* *Department of Customs & Excise*
* *Cotton Seed Processors (Pty) Ltd*
* *Cotton SA. These figures include seed that entered the country from Swaziland as lint for processing.*
* *Crushed product also includes seed from SADC Countries (website: www.cottonsa.org.za)*

TABLE 3.2: SUMMARY OF TOTAL OILCAKE AVAILABLE FOR MARKETING – 1 APRIL 2016 TO 31 MARCH 2021 (TONS)						
Oilcake	**2016/2017**	**2017/2018**	**2018/2019**	**2019/2020**	**2010/2021**	**%**
Sunflower	422 418	401 728	447 077	453 428	375 007	17,71%
Groundnut	405	1 448	17 393	369	321	0,02%
Soya	1 467 093	1 429 250	1 456 143	1 607 402	1 595 455	75,35%
Cotton	74 924	13 135	111 969	88 657	70 982	3,35%
Canola	69 707	66 481	59 577	51 358	51 358	2,43%
Other oilcakes *	15 550	10 626	7 008	7 931	7 343	0,35%
Lupins	16 800	24 951	16 963	16 800	16 800	0,79%
TOTAL	**2 066 897**	**1 947 619**	**2 116 130**	**2 225 945**	**2 117 265**	**100,00%**

** Other oilcakes / seeds: Copra, Linseed, Rape & Palm*

TABLE 3.3: TOTAL OILCAKE AVAILABILITY IN SOUTH AFRICA DURING 1 APRIL 2016 TO 31 MARCH 2021 (TONS)						
Oilcake	**2016/2017**	**2017/2018**	**2018/2019**	**2019/2020**	**2020/2021**	**Increase / Decrease**
Sunflower	422 418	401 728	447 077	371 617	375 007	0,91%
Groundnut	405	1 448	17 393	249	321	28,60%
Soya	1 467 093	1 429 250	1 456 143	1 682 353	1 595 455	-5,17%
Cotton	74 924	13 135	111 969	88 657	70 982	-19,94%
Canola	69 707	66 481	59 577	26 968	51 358	90,44%
Others oilcakes	15 550	10 626	7 008	7 343	7 343	0,00%
Lupin	16 800	24 951	16 963	16 800	16 800	0,00%
TOTAL	**2 066 897**	**1 947 619**	**2 116 130**	**2 193 987**	**2 117 265**	**-3,50%**

After experiencing a dryer year during the 2018/19, summer crops increased in 2019/20 after receiving normal rains.

These conditions were reflected in the crop sizes of all summer crops.

The soybean crop increased by 75 155 tons from the 2018/19 crop of 1 170 345 tons to 1 245 500 tons in 2019/20. Nearly the similar volume of soybeans, 1 215 916 tons went for crushing for soybean meal. However, soy available for full-fat soya decreased by 25% to 140 502 tons from the previous year's 186 737 ton.

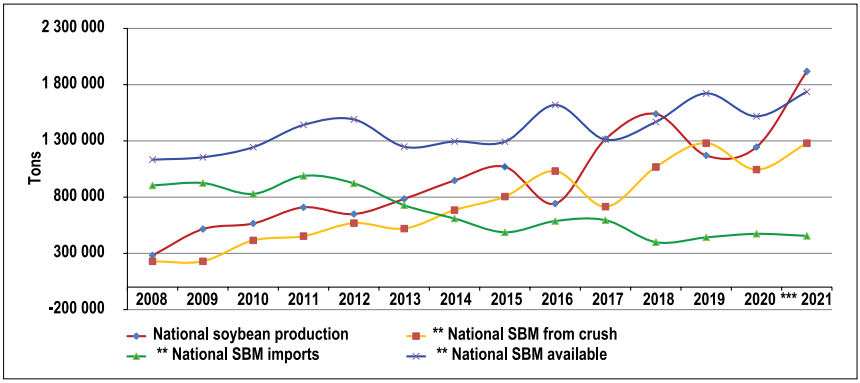
However, cotton production experienced a serious cut-back of 44%, causing the local availability of cotton seed to drop to 46 789 tons available for crushing and as full-fat products in the reporting period.

11.3.2 Imports

Due to normalised rains experienced in the 2019/20 season and a rather steady demand, a drop in imports was seen on almost all plant protein sources.

A massive decrease of 86% was experienced in sunflower oilcake, while soya oilcake imports only dropped off by 3.8%.

FIGURE 10: COMPARISON: SOYBEAN PRODUCTION, NATIONAL SBM CRUSHED & SBM IMPORTED

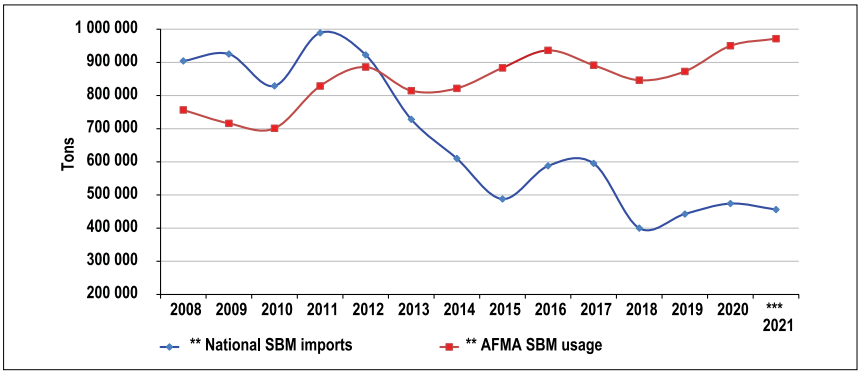


Source: AFMA Chairman's Reports

AFMA Stats Year – (April to March)

** *Forecast available for the next marketing year*

FIGURE 11: COMPARISON: AFMA SBM USAGE VS NATIONAL SBM IMPORTS

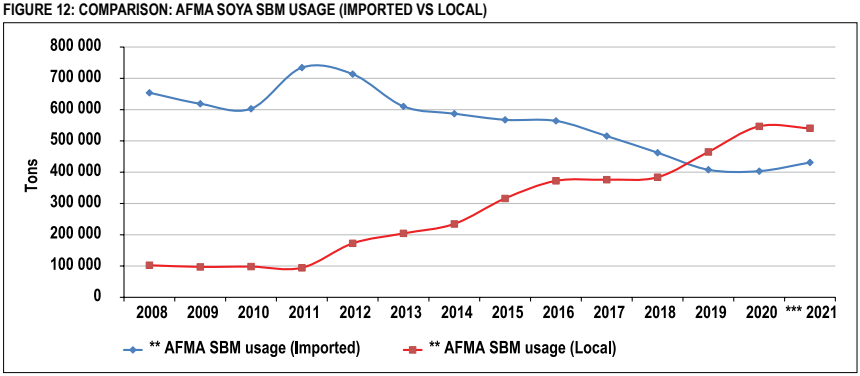


Source: AFMA Chairman's Reports

AFMA Stats Year – (April to March)

** *Forecast available for the next marketing year*

FIGURE 12: COMPARISON: AFMA SOYA SBM USAGE (IMPORTED VS LOCAL)



Source: AFMA Chairman's Reports
AFMA Stats Year – (April to March)
** *Forecast available for the next marketing year*

11.3.3 Fishmeal

The estimated fishmeal production for 2019/20 in South Africa, Namibia and Angola are shown in **Table 4**. Namibian fishmeal is regarded as imported and is calculated as part of the available total, although the entire output is exported. This is also the case with fishmeal manufactured by trawlers.

As seen in **Table 4**, local production was 80 000 tons, while output on trawlers was 8 000 tons. Imports accounted for an additional 1 000 tons, bringing total availability to 95 000 tons.

International prices influence exports of fishmeal. Therefore, the availability of fishmeal in South Africa and Namibia can be linked to these prices. Domestic consumption for 2019/20 was estimated at 15 000 tons.

TABLE 4: LOCAL AND IMPORTED FISHMEAL – 1 APRIL 2016 TO 31 MARCH 2021 (TONS)

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Local production: RSA *	86 500	72 500	79 000	66 000	80 000
Namibia*	7 500	6 000	6 000	6 000	6 000
Sub-Total	**94 000**	**78 500**	**85 000**	**72 000**	**86 000**
Imports **	2 400	1 000	1 000	1 700	1 000
"Russian Trawlers" *	8 000	8 000	8 000	8 000	8 000
TOTAL FISHMEAL AVAILABLE	**104 400**	**87 500**	**94 000**	**81 700**	**95 000**
Exports					
South African product	75 000	61 000	66 000	48 000	65 000
Namibian product	7 500	6 000	6 000	6 000	6 000
Russian trawler product	8 000	8 000	8 000	8 000	8 000
TOTAL AVAILABLE IN SA & NAMIBIA	**13 900**	**12 500**	**14 000**	**19 700**	**16 000**

* *IFFO The Marine Ingredients Organisation and SA Fish Industry Estimates*
** *Customs & Excise & Industry Estimates*

11.3.4 Maize

The availability of maize from 2016/17 to 2020/21 is shown in **Table 5**. As is the case with all raw materials in this report, opening and closing stocks have not been considered.

After experiencing two dry seasons (2018/19 and 2019/20), normalised rainfall and agricultural conditions led to good summer crops, with maize availability during the 2020/21 marketing season increasing by 36% to 15 952 188 tons.

TABLE 5: MAIZE AVAILABILITY – 1 MAY 2016 TO 30 APRIL 2021 (TONS)

Local	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
White [1]	3 408 500	9 268 593	6 308 941	5 538 240	8 666 310
Yellow [1]	4 370 000	6 360 089	5 674 911	5 719 610	6 741 870
Non-Commercial Maize					543 545
Imports [2]	2 236 743	0	171 622	509 684	463
TOTAL	**10 015 243**	**15 628 682**	**12 155 474**	**11 767 534**	**15 952 188**
Exports [2]	1 026 302	2 481 708	2 284 058	1 809 573	2 867 790

Source:
1. *Crop Estimate Committee (CEC) – 26 November 2020*
2. *National Crop Estimates Committee – July 2020*

11.4 Estimated raw material availability: April 2021 – March 2022 (tons)

11.4.1 Oilcakes

Table 6 shows details of the estimated availability of locally produced oilcake in the 2021/22 marketing season. These will be generated from local and, possibly, imported seed depending on the estimated requirement for oilcake for the 2021/22 season.

TABLE 6: ESTIMATED AVAILABILITY OF OILCAKES – 1 APRIL 2021 TO 31 MARCH 2022 (TONS)

Oilseeds	2020/2021 Crop estimated	Total available (Incl. Imports + Stock – Exports)	Available for crushing **	Conversion rate (seed) *	Equivalent oilcake
LOCAL PRODUCTION					
Sunflower [1]	677 240	744 404	685 000	42,00%	287 700
Soya [3]	1 918 150	1 930 103	1 380 000	80,00%	1 104 000
Groundnut [5]	38 550	15 142	500	54,00%	270
Cotton seed [4]	27 212	124 933	124 933	50,00%	62 467
Canola [2]	192 000	205 000	180 000	55,00%	99 000
Lupins [2]	18 000	18 000	16 800	100%	16 800
ESTIMATED LOCAL PRODUCTION					**1 570 237**
Total Estimated Requirements [6]					2 000 000
IMPORT REQUIREMENT					**429 764**

Sources:
(1; 2; 3; 5) – Crop Estimates Committee – 28 July 2021
(4) – Cotton SA
* *AFMA & Protein Research Foundation*
** *SOILL – Southern Oil (Pty) Ltd*

11.4.2 Fishmeal

The estimated fishmeal production in South Africa, the total requirement and the potential imports and exports are shown in **Table 7**. Significant volumes (more than

76%) of South African fishmeal is expected to be exported. The bulk of Namibian and Russian trawler fishmeal is shipped to destinations other than South Africa. Fishmeal imports into South Africa will be highly influenced by availability and price.

TABLE 7: ESTIMATED FISHMEAL PRODUCTION, REQUIREMENT AND EXPORTS – 2021/2022 (TONS)	
SA requirement	15 000
Export	65 000
TOTAL REQUIREMENT	**80 000**
Local Production: (RSA)	80 000
Surplus / (Shortage)	-
IMPORT REQUIREMENT *	
Source: SA Fish Meal Marketing Company & Oceana Brands	

11.4.3 Maize

In addition to the normal rains experienced in the 2019/20 summer crop year, South Africa received higher rainfall than the previous year, leading to bumper summer and winter crops being estimated. The sharp, increase in maize availability during the 2021/22 marketing season, is reflected in **Table 8**.

The second better than normal rainfall received in the grains and oilseeds regions has caused the maize industry to plan for exporting higher volumes of maize than the previous year. These volumes are reflected in **Table 5**.

The considerable carry-over of stock from the previous season, which amounted to 2 116 906 tons in conjunction with the second-largest maize crop being expected, will help South Africa remain a net exporter of white and yellow maize. The results can be seen in **Table 8**.

TABLE 8: ESTIMATED MAIZE AVAILABILITY – 1 MAY 2021 TO 30 APRIL 2022			
Local maize crop estimate	**Tons**	**Tons**	**Tons**
	White maize	**Yellow maize**	**Total maize**
Opening Stock (1 May)	1 354 953	761 953	2 116 906
Deliveries – All producers	8 936 815	7 494 300	16 431 115
Non-Commercial Maize		636 440	636 440
Est. Imports *	4 000	0	4 000
TOTAL AVAILABLE	**10 295 768**	**8 892 693**	**19 188 461**
Est. Exports *	770 000	1 895 000	2 665 000
Source: *National Crop Estimates Committee – 28 July 2021* *Supply & Demand Estimate Committee – July 2021* *** The above include production for commercial purposes and traditional production*			

11.4.4 Sorghum

According to the Crop Estimates Committee and Grain SA projections for 2021/21, the expected production for 2021/22 will be 203 000 tons. The calculated final crop for 20120/21 was 156 966 tons. **Table 9** gives the actual usage for the period from 2016 to 2020/21 (Grain SA) and the estimated usage for 2021/22. Grain sorghum usage in animal feed has become extremely limited.

TABLE 9: USAGE OF SORGHUM FROM 1 APRIL 2016 TO 31 MARCH 2021 AND ESTIMATED USAGE FOR 2020/2021 (TONS)						
	Usage 2016/2017*	Usage 2017/2018*	Usage 2018/2019*	Usage 2019/2020*	Usage 2020/2021*	Est. usage 2021/2022**
Malting	62 732	60 113	56 352	60 381	59 078	57 100
Meal, Rice and Grit	97 872	92 719	87 715	94 286	94 902	78 000
FOOD	**160 604**	**152 832**	**144 067**	**154 667**	**153 980**	**135 100**
Animal Feed	8 710	7 772	9 827	8 908	11 294	10 000
Pet Foods	1 001	818	850	555	634	700
FEED	**9 711**	**8 590**	**10 677**	**9 463**	**11 928**	**10 700**
Released to end consumers	1 209	1 482	766	613	990	500
Withdrawn by producers	644	2 370	1 032	957	2 055	1 000
OTHER	**1 853**	**3 852**	**1 798**	**1 570**	**3 045**	**1 500**
Exports ***	12 649	13 599	9 482	7 643	5 380	5 000
TOTAL REQUIREMENT	**184 817**	**178 873**	**166 024**	**173 343**	**174 333**	**152 300**
Opening Stock	83 142	35 238	59 246	51 860	60 423	56 900
Deliveries	68 578	150 967	115 394	123 925	156 966	203 980
Imports	74 957	55 824	45 739	59 253	6 546	0
Sundries	-6 622	-3 910	-2 495	-1 272	2 193	0
TOTAL AVAILABLE	**220 055**	**238 119**	**217 884**	**233 766**	**226 128**	**260 880**
Closing Stock	35 238	59 246	51 860	60 423	51 795	58 000

Sources:
* *SAGIS – 29 April 2020*
** *Grain South Africa – 29 July 2021*
*** *Exports include both products and grain*

12. AFMA FEED SALES: 2020/21

After recovering from a -1.9% loss in feed sales in 2017/18, feed sales recovered with a 4.6% volume increase in 2018/19 and a 1.2% increase in 2019/20 amounting to 6 723 822 tons.

However, feed sales continues to reflect the ongoing challenges still experienced in the Poultry and Livestock industries, whether it is originating from an animal diseases nature – African Swine Fever (ASF), Foot and Mouth Disease (FMD), Avian Influenza (AI), or trade related – enormous impact of illegal dumping directly on the feed, grains and oilseeds value chain.

The conundrum of challenges being faced by the poultry and livestock industries in combination with economic hardships faced by the consumer (low to no economic growth, high unemployment, decreasing disposable income), are eventually the main drivers behind reduced feed sales amounting to only a 0.5% growth in 2020/21, amounting to 6 754 342 ton (refer to **Table 10**).

As already reported earlier in this report, the feed industry as the largest supplier to the SA poultry industry, is anxiously awaits the initial results and effects of the newly implemented SA Poultry Sector Master Plan, which is designed to address trade policies designed to reduce the effect of unlawful international trade practices, like illegal dumping in the SA market.

Should the Poultry Master Plan successfully come into effect, it would benefit not only the feed sector but also the entire South African grain and oilseed value chain. It would also lead to policy certainty, encourage investments, growth, and vast job creation in these sectors by achieving the primary outcomes of the National Development Plan (NDP).

TABLE 10: AFMA FEED SALES FROM 2016/2017 TO 2020/2021 (APRIL – MARCH)* (TONS)

Type of Feed	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	% Growth
Dairy	925 185	950 243	956 400	967 560	942 370	-2,6%
Beef and sheep	861 792	860 052	906 485	845 843	823 796	-2,6%
Pigs	308 569	342 076	379 313	394 184	387 034	-1,8%
Layers	885 676	784 856	900 668	999 407	990 932	-0,8%
Broilers	2 652 906	2 583 948	2 617 516	2 709 516	2 834 628	4,6%
Broiler breeders	468 431	476 924	528 181	536 709	534 970	-0,3%
Horses	35 425	32 075	28 008	26 182	21 770	-16,9%
Dogs (D&W)	83 842	84 650	84 289	23 416	1 483	-93,7%
Ostriches	14 807	14 446	10 686	14 450	13 739	-4,9%
Game Feed	60 927	52 591	41 208	34 257	26 281	-23,3%
Other Feed	13 974	12 139	13 809	10 834	12 526	15,6%
Aquaculture	4 357	4 730	4 847	4 048	3 387	-16,3%
CONCENTRATES						
Pigs	12 312	14 583	23 736	24 229	24 290	0,2%
Other concentrates	239	2 287	2 824	5 743	8 950	55,8%
Beef finisher	46 339	52 215	55 331	46 759	49 836	6,6%
Dairy + urea	20 669	19 841	17 350	11 438	6 938	-39,3%
Dairy – urea	5 845	8 118	9 614	3 863	3 517	-9,0%
Sheep finisher	21 239	25 578	23 367	23 751	20 424	-14,0%
Layers	47 188	26 134	29 339	31 936	32 083	0,5%
Broilers	3 569	2 425	2 023	2 174	4 017	84,7%
Ostriches	109	0	162	39,16	43	9,8%
Horses	57	45	47	11	4	-63,6%
Ruminants – other	3 477	4 362	9 444	7 472	11 324	51,6%
TOTAL	**6 476 934**	**6 354 318**	**6 644 647**	**6 723 822**	**6 754 342**	
%Growth	-6,2%	-1,9%	4,6%	1,2%	0,5%	

Source: AFMA STATS – Only AFMA members

12.1 Feed sales per province: 2020/21

Table 11 shows the feed sales of AFMA members per province. As previously mentioned, feed sales figures have, in some cases, been consolidated by province or area to prevent disclosing the statistics of individual feed mills. Mill production is regarded as feed sales and allocated in regions according to the location of the production facility.

It must be borne in mind that feeds are sold over provincial and national borders. Feed sales, therefore, effect points of production. No information on the movement of feed after production is available.

The market share of the different provinces shows some changes, due to expansion in certain areas and new members joining AFMA in various provinces.

AFMA began reporting on SADC figures in 2010/11. Some minor changes to market share have since taken place.

TABLE 11: ANIMAL FEED SALES PER PROVINCE – 1 APRIL 2020 TO 31 MARCH 2021 (AFMA MEMBERS ONLY) (TONS)

	Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Limpopo	Mpuma-langa	North West Province	SADC	Western Cape	Total
Dairy	194 304	40 135	32 355	240 529	261	34 854	25 564	394	373 974	942 370
Beef and sheep	26 853	97 817	8 702	248 057	6 121	322 099	15 391	7 112	91 644	823 796
Pigs	28 839	58 402	34 609	22 708	2 458	56 630	30 660	7 692	145 035	387 033
Layers	39 170	184 179	335 293	68 535	10 966	96 652	63 279	53 616	139 242	990 932
Broilers	182 379	392 269	507 715	172 884	76 019	486 709	401 972	162 146	452 535	2 834 628
Broiler breeders	27 301	41 499	99 413	129 417	435	105 048	39 671	25 025	67 161	534 970
Horses	1 073	255	12 476	274	3 038	3 266	-	-	1 388	21 770
Dogs	-	-	-	-	835	648	-	-	-	1 483
Other feed	925	202	2 239	832	2 668	2 381	505	3 328	663	13 743
Maize-free mixes	1 993	23 713	10 733	7 249	56	80 980	7 620	347	27 519	160 210
Aquaculture	3 387	-	-	-	-	-	-	-	-	3 387
Ostriches	105	57	71	-	101	212	-	-	13 193	13 739
Game feed	844	2 460	5 784	196	5 136	8 212	1 728	-	1 921	26 281
TOTAL 2020/2021	**507 173**	**840 988**	**1 049 390**	**890 681**	**108 094**	**1 197 691**	**586 390**	**259 660**	**1 314 275**	**6 754 342**
Percentage of sales	7,5%	12,5%	15,5%	13,2%	1,6%	17,7%	8,7%	3,8%	19,5%	100,0%
TOTAL 2019/2020	**516 668**	**853 290**	**1 040 731**	**845 668**	**99 313**	**1 177 280**	**598 237**	**239 236**	**1 353 397**	**6 723 821**
Percentage of sales	7,7%	12,7%	15,5%	12,6%	1,5%	17,5%	8,9%	3,6%	20,1%	100,0%

Source: AFMA STATS – Only AFMA members

13. NATIONAL FEED SALES: 2020/21

According to **Table 12**, national feed production showed the same trend as that of AFMA. National feed volumes for 2020/21 were calculated at 11 993 382 tons, showing an increase of 0.27% on a countrywide national production level.

TABLE 12: NATIONAL ANIMAL FEED PRODUCTION DURING 2020/2021 (TONS)

Feed type	AFMA feeds plus feeds derived from concentrates	National feed production **	AFMA feed as % of national production
Dairy	977 220	2 568 226	38,05
Beef & sheep	966 185	3 149 105	30,68
Pigs	447 759	1 036 398	43,20
Layers	1 071 140	1 326 955	80,72
Broilers	3 379 641	3 340 366	101,18
Dogs	1 483	359 304	0,41
Horses	21 783	124 205	17,54
Ostriches	13 882	83 823	16,56
Aquaculture	3 387	5 000	67,74
Other	38 807	-	
TOTAL	**6 921 287**	**11 993 382**	**57,71**

Source:
Dr Erhard Briedenhann – Modelling
** *Modelling is based on animal numbers and conversion of concentrates to an equivalent of manufactured feed in total, using the original AFMA Feed Sales as a base.*

14. AFMA – MARKETING, COMMUNICATION & PROMOTION

14.1 Stakeholder engagement

Effective communication is integral to the key objectives of AFMA, and AFMA is committed to providing meaningful, timely and accurate information to primary stakeholders as defined below. AFMA utilises various communication methods to ensure that stakeholder communication is always clear, constructive and interactive.

Stakeholder Overview
AFMA's stakeholders comprise the following partners:

AFMA Members	**Full Members** Manufacturers of compound animal feed **Associate members** • Input suppliers and service providers to the animal feed industry, i.e., suppliers/manufacturers of raw materials; – Premixes; – Feed additives and veterinary products; – Commodity traders; – Laboratories; and – Suppliers/manufacturers of equipment
AFMA Structures	• Board of Directors • Technical Committee • Regulatory Committee • Trade Committee • Training and Skills Development Committee • Marketing, Communication and Promotions Committee • Management Information Committee
Livestock Value Chain	• South African Poultry Association (SAPA) • South African Feedlot Association (SAFA) • Red Meat Producers Organisation (RPO) • Milk Producers Organisation (MPO) • South African Pork Producers Organisation (SAPPO) • South African Animal Health Association (SAAHA) • Pet Food Industry Association of Southern Africa (PFI)

Grain and Oilseeds Value Chain	• South African Cereals and Oilseeds Traders Association (SACOTA) • Agbiz • Grain SA (GSA) • Agbiz Grain • National Chamber of Milling (NCM) • South African Chamber of Baking (SACB) • South African National Seed Organization (SANSOR) • Croplife South Africa (Croplife SA) • Fertilizer Association of South Africa (FERTASA) • Oil & Protein Seeds Development Trust (OPDT) • Oilseeds Advisory Committee (OAC) • Protein Research Foundation (PRF) • Sunflower, Soybean and Soybean Food Forum (SSSF) • South African Grain Information Service (SAGIS) • Southern African Grain Laboratory NPC (SAGL)
Government & Governing Bodies	• Department of Agriculture, Land Reform and Rural Development (DALRRD) – i.e. Act 15; Act 35; Act 36; Act 40; Act 119 • Department of Trade, Industry and Competition (the DTIC) • National Department of Health (DoH) – Act 54 • South African Health Products Regulatory Authority (SAHPRA) • South African Veterinary Association (SAVA) • South African Animal Health Association (SAAHA) • South African Council for Natural Scientific Professions (SACNASP)
Universities and related bodies	• Universities with animal nutrition as a field of study • Students in Animal Science • South African Society for Animal Science (SASAS) • South African Council for Natural Scientific Professions (SACNASP)
International Bodies	• International Feed Industry Federation (IFIF) • Food and Agriculture Organization of the United Nations (FAO) • OIE • WHO
** AFMA stakeholders are not limited to the above*	

Our stakeholder engagement activities are guided by AFMA's values and the following main objectives:

a) Promoting the development of the animal feeds industry in South Africa and securing the sustainability thereof; and

b) Enhancing and supporting a sustainable industry that acts responsible within the food chain by ensuring safe feed for safe food;
c) Lobbying, liaising, supporting and cooperating with government departments; regulatory decision-makers; parastatals; forums; related associations; value chain partners, international agencies and related role players;
d) Providing management information to members, industry and other role players;
e) Influencing and managing factors that have a bearing on industry costs;
f) Creating awareness among industry role players of threats and opportunities facing the industry and formulating unified action plans accordingly;
g) Promoting AFMA's image, i.e. "Safe Feed for Safe Food"; and
h) Doing all such things that are ancillary to or deemed necessary in the furtherance of the main objectives of AFMA.

AFMA interacts with stakeholders through various communication channels, such as direct e-mail, quarterly e-newsletters, AFMA's website, AFMA Matrix quarterly magazine, annual reports, research reports and other publications.

In addition, AFMA participates in formal and structured engagements, such as meetings, workshops, student outreaches, AFMA Symposia, AFMA Forums and AFMA Golf Days.

14.2 Events

Due to COVID-19 restrictions in the reporting period, AFMA had to cancel annual events such as the 2020 AFMA Symposium and the 2020 AFMA Golf Day.

AFMA hosted its 73rd AFMA Annual General Meeting virtually with success.

All AFMA committee meetings followed the same route since lockdown in March 2020 – Board Meetings, General Meetings and the AFMA Technical Writing Skills Workshop.

In-person events during the reporting period include the 2021 AFMA Technical Writing Skills Workshop in Stellenbosch and the Student Outreach Seminar in Stellenbosch.

14.3 Digital communication channels

AFMA website

The AFMA website forms the pivotal point of the Association that serves as an information platform for the animal feed industry and related matters. It has a contemporary look that is continuously updated with the latest information and new features. The website is available at www.afma.co.za.

In addition, AFMA has the following five microsites that promotes individual events:

- AFMA Annual General Meeting
  www.afmaagmza.co.za
- AFMA Symposium
  www.afmasymposium.co.za
- AFMA Forum
  www.afmaforum.co.za
- AFMA Technical Writing Skills Workshop
  www.afmatechnicalwritingskillsworkshop.co.za
- AFMA Golf Day
  www.afmagolfday.co.za

AFMA Member Updates

The AFMA Member Updates is a quarterly newsletter designed to provide members with an overview of various AFMA activities, initiatives and committee discussions and decisions.

AFMA E-News

The purpose of the quarterly AFMA E-News is to engage with value chain partners and related industries on AFMA's activities, industry involvement and upcoming events.

Social media

AFMA's social media presence is growing in followers and engagement across Facebook, Twitter, and LinkedIn. These platforms enable AFMA to share information in real-time as events happen or information becomes available.

E-mail

The majority of AFMA's communication is conducted by e-mail. However, in addition to its routine e-mail communication, AFMA has also launched a bulk e-mail delivery system for its mass communication needs. This was mainly driven by the need to reach all contacts on the expanded AFMA communication network to improve communication.

14.4 Print media

AFMA Matrix

The first edition of the AFMA Matrix quarterly industry magazine was published in March 1992. A co-publishing agreement between AFMA and Plaas Media was concluded in 2012. The editorial committee convenes quarterly, ensuring the magazine meets the ongoing needs of AFMA members and other stakeholders.

14.5 Professional and corporate image

The AFMA Board continuously investigates improvements and identifies the latest technologies to strengthen the AFMA image and brand on behalf of its members.

AFMA maintains its professional and corporate image in all activities in which it is involved. This is evident in all activities that AFMA presents.

14.6 Sponsorship and presentation of awards

14.6.1 Intervarsity Writer's Cup Championship

As part of its student outreach programme, AFMA introduced the Intervarsity Writer's Cup (IWC) competition, open for students studying at tertiary institutions. Through the competition, AFMA encourages final year and post-graduate animal nutrition students to write technical articles as research pieces or literature reviews for the AFMA Matrix. Cash prizes are at stake for students whose articles are published and the overall winner in the "Own Research" category. Not only is the student awarded with a prize, but his lecturer receives an equal award as the student. The university faculty where the overall winner studies furthermore receives a floating trophy and 'bragging rights' as Intervarsity Writer's Cup Champion of the Year.

The University of Pretoria was awarded as the 2020 Intervarsity Writer's Cup Champion with the article written by Amelia du Preez. Ms Du Preez is a doctoral student under the promotership of Prof. Edward Webb at UP's Department of Animal Science: Faculty of Natural and Agricultural Sciences. The article titled *"Effects of different feeding systems on scrotal fat accumulation and semen quality of Merino-type sheep"* featured in the October/December 2020 edition of the AFMA Matrix.

14.6.2 AFMA Technical Person of the Year (Barney van Niekerk) Award

The Barney van Niekerk/AFMA Technical Person of the Year Award for 2020/21 was presented to Ms Chantelle Fryer of Evonik for her valuable contribution to the technical science of animal nutrition in South Africa.

14.6.3 AFMA Person of the Year Award

AFMA did not present this award in the 2020/21 reporting year.

14.6.4 AFMA Student Poster Award

AFMA did not present this award in the 2020/21 reporting year.

14.6.5 AFMA Student of the Year (Koos van der Merwe) Award

AFMA did not present this award in the 2020/21 reporting year.

15. AFMA MEMBERSHIP

During the period under review, eleven (11) potential full members and twenty (20) potential associate members applied for membership to join AFMA. In addition, three members resigned during this period. Tongaat Hulett Starch had a name change to Ingrain SA.

AFMA's total membership for 2020/21 amounts to 140 and consist of:

•	Full members (compound feed manufacturers)	64
•	Associate members	76

Associate membership categories provide for:

•	Manufacturer/Supplier of Raw Materials	24
•	Manufacturer/Supplier of Premixes/Feed Additives	39
•	Manufacturer/Supplier of Stock Remedies/Vet Meds	8
•	Depot for compound feed	1
•	Laboratory services	4

New members

The following companies have successfully applied for AFMA membership and have been found compliant with the AFMA Code of Conduct. They have been awarded a conformance certificate for membership:

Full members:

1. Feedmaster Windhoek
2. Feedmaster Okapuka

Associate members:

1. Agri Protein Technologies
2. Biofarm Bemarking
3. JVD Commodities
4. Animal King Feeds
5. Nutroteq
6. Kairos Control Systems

16. STAFF MATTERS

16.1 The staff in the AFMA office

The number of staff in the AFMA office during the year under revision has remained unchanged for the largest part of the year.

However, a dear colleague and friend, Dirk Kok (Manager: Operational Services), tragically past away at the end of May 2021, after more than three decades of loyal service to the agricultural industry in various roles and organisations.

The current full-time staff members are as follows:

•	Executive Director	De Wet Boshoff
•	Manager: Technical and Regulatory Affairs	Liesl Breytenbach
•	Office Administrator	Wimpie Groenewald
•	Technical Advisor	Karla Hendriks

16.2 Long Service Awards

AFMA wishes to congratulate and convey its appreciation to the following staff members and service providers for their loyal service to AFMA:

- Liesl Breytenbach: Manager Technical & Regulatory Affairs 10 Years
- De Wet Boshoff: Executive Director 15 Years
- Mandy Joubert: AFMA Financial Office 15 Years
- Ronel Urquhart-Bosch: AFMA Graphic Designer 23 Years

17. ACKNOWLEDGEMENTS

My heartfelt appreciation and acknowledgement go to the Board and directors for their support and inputs on industry matters during my term as Chairman.

The committees and sub-committees of AFMA once again made a tremendous effort and presented valuable work, with the chairpersons of the various committees making significant contributions.

My thanks go to Francois van de Vyver (Technical), Heiko Köster (Trade), Liza Burger (Regulatory), Dirk Kok (SACOTA), Sharlene Moodley (Training and Skills Development), Jennifer Roets (Marketing, Communication, and Promotion) and De Wet Boshoff (Management Information, AFMA Matrix Editorial Sub-Committee).

I also extend my gratitude, thanks and appreciation to all participants and attendees of the AFMA committee meetings for their valuable inputs during the year and their contributions to the success of AFMA.

My further appreciation goes to AFMA members for allowing and sponsoring their employees' time and expenses, enabling them to contribute to the broad AFMA cause unselfishly.

The AFMA staff worked extremely hard and with dedication. I thank Liesl, Dirk, Wimpie, Karla, Jennifer, Herman, Ronel, and Mandy for their exceptional efforts.

De Wet Boshoff, the Executive Director of AFMA, has excelled once again and continued to make a considerable difference to AFMA and SACOTA. With his professional attitude and innovative approach, he has been a pleasure to work with.

Finally, my thanks go to all members and associate members for their contributions throughout the year and their great support of AFMA.

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